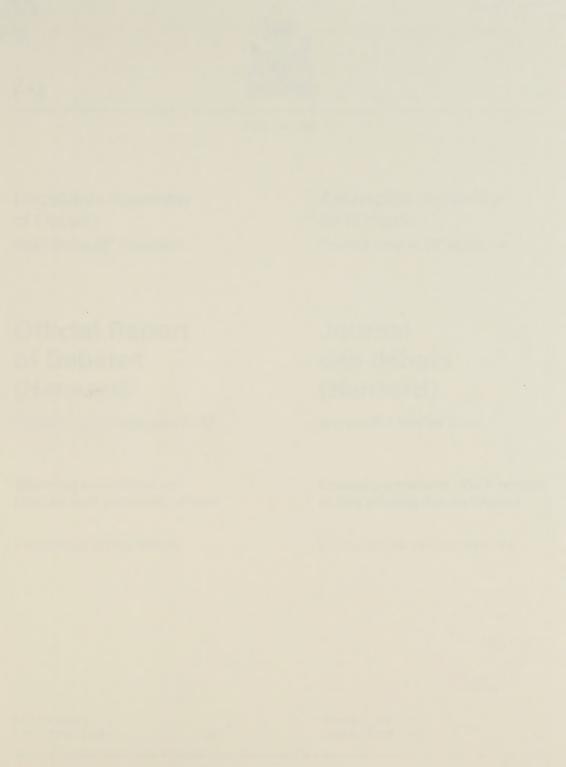


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Wednesday 4 February 2004

Standing committee on finance and economic affairs

Pre-budget consultations

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Journal des débats (Hansard)

Mercredi 4 février 2004

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Président : Pat Hoy Greffier : Katch Koch

Chair: Pat Hoy Clerk: Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 4 February 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 4 février 2004

The committee met at 0900 in Days Inn and Conference Centre, Timmins.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will come to order. The committee is pleased to be in Timmins today.

I would call forward our first presenters, the Northeastern Catholic District School Board.

Mr Gilles Bisson (Timmins-James Bay): On a point of order, Mr Chair—come on forward, Colleen; don't be shy. Just as you're walking up, I'm killing time—I would welcome the committee to the city of Timmins. It's always good to see that committees are prepared to travel, and we're looking forward to the deliberations. For those people watching, in case you don't know, this is a standing committee of the assembly, which means this committee has some weight. On the right of the Chair, Mr Hoy, are the Liberal members of the committee. The Tories are over here. They are not here yet, but I'm sure they will be here. New Democrats are over here.

You've got your time to present. We just want to welcome you, and welcome the committee to the city.

The Chair: Thank you, Mr Bisson. It's not a point of order, but it was a point of great interest.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

The Chair: You have 20 minutes for your presentation. You may use time within that 20 minutes for questions if you so desire. I would ask you to identify yourself for the purposes of our recording, Hansard.

Ms Colleen Landers: Thank you. I'm Colleen Landers. I'm the chair of the Northeastern Catholic District School Board. To my right are Larry Yaguchi, our director of education, and Gina Malciw, who is our director of finance. I thank you for the opportunity to present today on behalf of the students of the Northeastern Catholic District School Board.

We span approximately 25,000 kilometres, with schools from Kapuskasing to Cobalt, including 12 elementary schools and one secondary school, which is in Timmins. Our schools are spread over the district as follows: We have one school in Kap, JK to 8; one school

in Cochrane, JK to 8; one school in Iroquois Falls, which is dual-tracked, French immersion and English, JK to 8. In Timmins we have one school which is JK to 8, French immersion only; one school JK to 6, English only; O'Gorman Intermediate, our intermediate school, JK to 8, dual-tracked, English and French immersion; and O'Gorman High School, 9 to 12. St Joseph, which is JK to 6, is in South Porcupine, which is about a 10- to 15minute drive from here. Kirkland Lake has two schools. One school is JK to 3, dual-tracked, It's our new small school. We've just started that and our parents are very excited about sending their children to a small school. We have Sacred Heart, which is 4 to 8, dual-tracked. Englehart has one school, JK to 8; New Liskeard has one school, JK to 8; and Cobalt has one school, JK to 8. As you see, we have a lot of single-school towns, with the exception of Timmins and Kirkland Lake. Our elementary schools have an enrolment of about 2,537 students, and we have about 374 at our secondary school.

Since the inception of the funding model, we have had difficulties in some areas that we feel need to be addressed. Some of these areas are transportation funding, compensation, school operation, technology, full-time JK and K, and I'm going to throw in the grants for English as a second language for the native students.

New incentives introduced by the government come with no monies, so what you do is you have to take your coppers and pay for them. New incentives should come with the money to implement them. We should not have to go into our coppers to implement things that are mandated by government, such things as criminal reference checks. The cost for that is enormous. Teacher performance appraisals and PSAB accounting requirements: Again, the cost is enormous. If this government is going to mandate incentives, then the dollars need to come with them.

The Northeastern Catholic District School Board does acknowledge the improvements made in recent years for funding to education, such as the rural and remote funding and, most recently, the announcement of the \$112 million to improve student literacy. Both of those really have helped us, and we thank you for that.

Compensation: The board will be negotiating with their teachers over the next few months. As you know, all contracts in the province of Ontario are opened as of this year. This is something the previous government did, and they are telling us that we have to do three-year contracts.

Although there were increases provided for 3%, increases moved forward and they did not address the gaps that have existed for years between provincial allocations and boards' actual costs. Compensation also includes benefits, which have gone up considerably, especially health benefits. That is a cost to the boards.

Benchmarks need to be increased for salary purposes to align with actual salaries. Without changes to these benchmarks, we fall further behind or have to make up the difference from other areas. Our board does take money out of administration and put it back in the classroom. I know we're one of the few, but we do, and we're very proud of that. Therefore, we recommend that employee compensation benchmarks for teaching and non-teaching staff be amended to reflect more realistically school boards' costs. That to us is very important, particularly with us going into negotiations at this time.

Average per-pupil credit load: The secondary curriculum provides for a graduate course expectancy of approximately 30 credits. This is an average of 7.5 credits per year. Students may take additional credits. We're not funded for those additional credits. The foundation grant currently provides funding for the number of secondary school teachers required when students take an average of 7.2 credits, which was the government average in 1997 and has not been changed.

Through the teacher qualification and experience grant, additional funding is provided to a board where its average secondary school credit load exceeds 7.2 credits, up to a board average of 7.5 credits. Our board average is 7.5, and there are some boards that have 7.6. So we pay for the difference.

Students sometimes want to take some extra credits. Particularly with the four-year stream now, you have students taking extra credits. Therefore, we recommend that the credit load factor within the teacher qualification and experience be adjusted to recognize the actual average per-pupil credit load per board.

Full-time JK and K: In northeastern Ontario, we have offered full-time JK and K even though we're not funded for it totally. We feel that with the new government's view that investments in our preschool children are smart investments—we thought that before, and we have spent that money on our children.

With the curriculum being squashed the way it is into four years, children at the lower levels need to learn more and be prepared to enter high school. Therefore, we think that the JK and K years are good preparation for social aspects, for the fact that children learn the basics, because many children come at different levels to the school, and grade 1 is where they fall behind. So the JK and K are important years. They pay off with better learners, healthier children, more secure families and a more productive economy.

Early childhood education is critical to the future learning success of children in elementary and secondary schools. As suggested by the Royal Commission on Learning, savings from the elimination of the fifth year of secondary school could be utilized to pay for the additional costs of the expansion of the kindergarten programs. The overall provincial decline in enrolment would provide savings in staff costs, as well as additional pupil places, which could be utilized to accommodate full-time junior and senior kindergarten programs for those boards that choose to offer them.

These programs could be offered on a graduated basis, allowing their introduction to coincide with the availability of suitable accommodation and qualified teachers. Therefore, we would recommend that the Ministry of Education look at providing funding for full-time junior and senior kindergarten programs if boards wish to offer these programs. I think it's a great investment in the future and I think the children do better in school once they are in the programs at JK and K. We have proof to show that.

Technology: You're in northern Ontario and, as you see, the vast spaces between communities, if you drove the highways, are trees. With our one-room schools, in between, it's trees.

Funding in the area needs to be improved so that the boards can replace obsolete computer hardware and/or expand their inventory to meet the growing needs and expectations related to the current curriculum and to life in an information society.

The high cost of infrastructure and line charges for access to the Internet have put a strain on resources in northern Ontario. In our board, we have put money into a WAN-we have our own WAN-so we can video conference between our schools.

Our superintendent of education—we have one; we're very lean at the top—is on the highway all the time. Our principals, in order to meet, are on the highway. We need our principals in our schools—that's where they belong. So we do a lot of our meetings by video conference now in order to save dollars, not only for the dollar fact but for the fact of having our principals in our schools where they belong, having our teachers in our schools. So if we want to offer some kind of education, we use video conferencing, but that's a big cost in northern Ontario. 0910

You have multiple boards having their own WAN, whereas maybe not only for education but for others, they could be joined together so that there would be a WAN line of some kind funded by the government in northern Ontario, so that all these dollars are structured into maybe something else.

We recommend that the funding for technology be increased to allow the school board to maintain, update and introduce new hardware and software. We're in the technology age. Our children in JK, K and grade 1 are on computers, and they're happy to be on computers. You have children who are three and four who can input into a computer. So if we're going to do that, then we have to keep up with the technology at the school level in order to be able to provide them with that resource.

We recommend that funding be provided for professional development for teaching and non-teaching staff in the introduction of new equipment and hardware. You have programs that you purchase, but then there is also the training that has to go along, and that costs dollars. So I think the government needs to look at the funding on technology.

School operations: This is an area that the board struggles with each year, and it's not just our board. The benchmarks need to be adjusted to reflect the real cost. The hydro in northern Ontario, the gas and renovation costs exceed those of the southern Ontario boards. Costs have been increasing over the last few years, but the funding has not changed. It costs more to heat our schools. We have 40 and 50 below zero here. Out heating costs are far higher.

For effective learning, students need to be in a clean, warm and safe environment. It's fine to say that you need to educate your children, but you have to have a building around them to educate them in. That building has to be sound. There is no funding for us to be able to keep our schools in that kind of situation.

Transportation: You rode in a nice, luxurious bus last night. That's not what our kids ride in. They ride in yellow school buses that have difficulty heating. Busing is cancelled because at 37 below, as we spoke about with some of you last night, the buses can't run. We have very big costs in transportation in northeastern Ontario. We have been awaiting a new funding model since amalgamation in 1998. Whatever we get from you, our bus drivers get. We don't keep any of the coppers. Our bus drivers are having difficulty even operating on those coppers. The ministry has given boards additional funds to cover some of the costs, but does not address the issue adequately. A new funding formula is required sooner rather than later to put back some stability into the system.

We are one of the first boards in Ontario where all four boards have the same bus going down the same street at the same stops. We have a joint transportation committee that has been working together for the last 15 years because it's the only way we can spend our money wisely. We do it ourselves. We have our own policy that is now going to be passed by all four boards. We've just implemented bus stop systems to save and be more effective. So we're not wasting our transportation money. We are probably very efficient. We meet the requirements, I think, of what the consortium is supposed to be without even going to an outside agency to do it. We've done it ourselves. It's not often you see four boards who agree on the same policy, the same bus stops. We're doing it because of our children and because we want to use our money wisely.

I really feel that you need to look at what the actual costs of transportation are and fund those costs so that we can have bus companies that are willing to provide that busing, because if they can't pay their bills, they're not going to provide the busing. We don't want money for ourselves; we want money that will cover the cost of good transportation.

I want to add to it—it's not on the form—English-as-a-second-language grants. In northeastern Ontario we

have a lot of native children. They do not live on reserves; they live in the communities. They come to our schools speaking Cree, not English. They end up not qualifying for English as a second language. The native children then end up coming to school, not understanding, not being able to learn, being behavioural problems, or being identified and IPRC'd. How do you think a child feels in classroom when they do not understand the teacher, do not understand what is being taught? What ends up happening is they sometimes become behavioural problems.

Why can our native children not qualify for ESL grants when they do not speak English? You have to be an immigrant or you have to live on a reserve. It's wrong. They are the people who founded our country and have been here for years. I think we're not being fair to our native children by not allowing them to qualify for grants as ESL students. You only need to provide it for the first two or three years. Then they understand; then you probably will save with them not being IPRC'd or not being behavioural children. I think that's something the government needs to look at. I think that because you are an immigrant or because you live on a reserve—there should be another aspect that if you're a native child and English isn't your first language, you should be able to access that grant. I feel very strongly on that.

In conclusion, we would like to thank you for taking time to discuss some of these issues with us. On the whole we are pleased that the funding formula has allowed us to put more monies into our schools for our students. Perhaps some minor reshuffling of funds in combination with more flexibility will enhance funding for our students and staff to ensure equality and fairness.

We, at our board, make decisions for our children. We are five boards amalgamated into one. Whatever we do is for the betterment of children in our whole board, not just one community. I bring this to you, representing the trustees of our board. If you have any questions, feel free; we'll answer them.

The Chair: Thank you for your presentation. We have two minutes per party and we'll begin with the official opposition.

Mr John O'Toole (Durham): Thank you very much for your presentation. It's a real pleasure to be here in Timmins and to meet, as we did last evening.

There are a couple of things. I want to commend you on the transportation coordination. That's the goal. You would think all boards would ultimately get over the politics of it all, and I commend you for doing that.

I also am a great believer in the computer thing. That's sort of my own personal background. I just want to make an observation here. I think, and I have said this quite loudly, that language and books are really the medium of learning. It's very important. I actually believe there should be no computers in the primary grades. You have to learn the mechanics of writing and interpreting sounds etc. After you've mastered those skills, then you need the technology. Part of that is that it's a social environment, it's interactive, and that is very important in the primary grades.

I may be alone on this and I'm not an educator but I have been a trustee for a couple of terms. We're dumping a lot of money into schools in the primary grades that I don't think is actually correctly used. The one thing you know about computers is that they're obsolete the day you buy them. So once you go down that route, and it's coming out of a book budget, you're really cheating them, for the very essence of learning is books. Computers are just a tool, like a calculator or a pencil, but the mind and the interpreting symbols, whether it's a six or a nine, are very important, and the small motor skills are absolutely critical. I don't know if it's that valuable. For someone who has a learning difficulty, I'm sure that lab learning with a computer is probably a helpful resource. You might want to respond to that.

I have a question on the ESL that may not be very popular as well. I've felt for a long time, having been a trustee, where we had a mixed board-we do have French-language schools and immersion schools, and there is a difference; I understand that. But we are dealing with multicultural issues—

The Chair: Please put your question, Mr O'Toole.

Mr O'Toole: My question is coming up.

The Chair: Your time has expired, so please put your question.

Mr O'Toole: This is the question: If you're looking at scarce resources—and in some of your schools you're offering, I see, dual-stream schools, that is, English, where you offer immersion programs, and also a Frenchlanguage school or a parallel immersion school—

Mr Tim Peterson (Mississauga South): Is there a

question now?

Mr O'Toole: Yes, the question is this—it's a very important question—why do we not have a system where, if you want to learn French, you go to a Frenchlanguage school, and you provide the supports in the primary grades for children who have English as their first language, as you are suggesting for First Nations? What do you think of that idea?

The Chair: You may answer if you choose.

Mr Larry Yaguchi: I'm Larry Yaguchi. I would just say, first off and for the most part, there is a very important distinction between FSL, French immersion and a French-language program. They are and should be very different. I'm not going into it at length, but I would just say that they aren't the same.

0920

The Chair: We move to the NDP.

Mr Michael Prue (Beaches-East York): Your presentation was excellent. I only have two minutes so I want to zero in on the children who speak Cree. Could you tell me how many there are? How widespread is this? Are there 20 children, 50 children, 100 children?

Ms Landers: In St Paul school here in Timmins, we have probably 15% of our 325 children who come into our school speaking Cree or one of the other dialects of the native children. So it's a large percentage. The reason they're mostly in St Paul is because of the fact that our other elementary school in Timmins is a French immersion school, and for them to be able to handle three languages—they come into our English-speaking school first. It's not only our system; it's also the public system. At Timmins High and Vocational, which is the secondary school, I would imagine you have 150 to 200 children at that school who are native, who have sometimes come into the system late etc and do have a language difficulty.

Mr Prue: And no government in the past has ever given you money for ESL for those children?

Ms Landers: No, never. They do not qualify for that.

Mr Prue: That has to change.

Mr Yaguchi: If you go further to the northwest—I'm not too sure where your travels are going-you'll find that the population is even higher. You can have schools that may even be up to 50%.

The Chair: We'll move to the government.

Mr David Orazietti (Sault Ste Marie): Thank you, Ms Landers, for your presentation. It was certainly excellent. I know first hand the situation you're grappling with here in northern Ontario, having taught for the Algoma District School Board for 10 years. It's about a 10-hour drive across the board, so I certainly know first hand.

Let me make one comment first of all with respect to our government on education and the turmoil that has taken place over the last number of years. We want to build our relationship again and improve our relationship with our education stakeholders in this province. That's our commitment from our government, to do that.

You mentioned—and I certainly commend you many of the initiatives that you're leading here in this province, trying to do the best for the young people in your communities. I certainly commend you on that.

You mentioned the amalgamation of the transit system among the boards. Are there any other areas that would allow you to share services among the boards in this area, that would give greater efficiency to what you do and allow money to be spent in other areas or other priorities that you may have?

Ms Landers: We have an education day where we share with the other boards, when we bring in PD for a large section. We've always done that. We share the cost then, and all the teachers are together. We have a group that we're working on right now. We were the lead board on this. We are working with the city, the hospital and everyone else on maybe buying our fuel together, some of our resources together. We've already taken that initiative. We are very forward in the fact that as many dollars as we can will go back in the classroom. We want to be inventive, so we have taken the lead on that. We've had four meetings with the city, some of the mines etc. Our director has been meeting with them to see if we can get better dollars if we buy more in bulk. So we are looking at those things. We've always been a very frugal and forward board.

The Chair: Thank you for your presentation this

Mr Mike Colle (Eglinton-Lawrence): Mr Chair, can I ask research to find out why native children who don't have English as their first language, as in the case brought forward here, are not eligible for funding under the ESL model? Thank you.

Mr Prue: I wonder, on the same point, if I could also ask if you would research the number of children who exist. I think they're primarily in northern Ontario, but this is just one board. I think it would be instructive to know how many children are being denied this in Ontario.

The Chair: Research will do that for you.

TISDALE SCHOOL BUS LINES

The Chair: I call forward Tisdale School Bus Lines, please. Good morning. You have 20 minutes for your presentation. Within that 20 minutes, you may allow time for questions if you so desire. Please state your name for the purposes of Hansard.

Mr Ron Malette: My name is Ron Malette and I operate Tisdale School Bus Lines in South Porcupine, a company providing home-to-school transportation in the Timmins area for over 35 years. For myself and the other 30 operators in our district, seeing the smile of a young child, eagerly waiting to board the familiar yellow bus, emphasizes the passion we have for the industry. The enthusiasm expressed by their facial gestures, the warm hugs, the little stories they must tell, can only enhance our reason for being a service provider.

It was exactly 12 months ago today when I appeared before this committee as you prepared a report for the 2003 provincial budget. I want to begin my remarks, as I did in Sudbury, speaking as a school bus owner and operator.

This morning, 800,000 children in communities across this province, from remote towns and villages in the far northwest and northeast to suburban centres around the GTA, boarded the familiar yellow and black school bus for the ride to school; a trip they will repeat this afternoon; a trip that more than 1.5 million parents in Ontario expect will be safe, secure and on time.

Simply put, the educational day for many Ontario students starts with us and ends with us. We are a very small but very important partner in education. We transport 43% of all children enrolled in public education.

Since the early 1990s, parents, school boards and the members of our industry, many of whom operate small businesses, as I do, and employ over 15,000 Ontarians, have told successive governments that the provincially funded student transportation system needs their immediate attention and leadership.

For the past six years, the government has been studying student transportation. Elected legislators and bureaucrats repeatedly admit the current temporary model, in place since 1995, is unfair and inequitable.

Last June, the Ministry of Education released details of a new student transportation funding model which they propose to implement in September 2004, a mere seven months away. Since then, school boards and bus contractors have heard nothing as the ministry collects and studies data. Boards and contractors need an an-

nouncement from this government now. Boards must plan effectively for changes in policy, and contractors must determine impacts on our operations and take appropriate action.

As well, members will be aware of the report of the Education Equality Task Force in December 2002. That report recommended that the government commit \$691 million to school busing. Today, only \$651 million is provided in grants to school boards.

Demand for student transportation services increases steadily with enrolment growth and enrolment decline as well as curriculum or program requirements. You may have fewer students on the bus, but you still need the bus to go to the end of the route to get the most remote child. As an example, we have 17 secondary school students, who rely on our service who live in Gogama, 125 kilometres from school.

Financial pressures on the school bus industry caused by manufacturing cost increases, rising insurance premiums and fuel price volatility persist. As well, due to provincial underfunding, many contractors have not received rate increases for a number of years and cannot afford to pay skilled and dedicated drivers what they should be paid. I have, for consideration purposes, outlined some of the most significant cost data that reflect the actual costs. I won't go through those for you, but you can see them in front of you.

I would like to add that cost pressures in northern Ontario are much more significant, and not only in our operations. Schools also face the same harsh realities of life in the north. In the last month, we have seen temperatures in the minus 40-degree range—add to that wind chill values that reflect a minus 50-degree or minus 55-degree environment. As the costs increase for heating schools, so do our facility costs. Can you imagine starting up a bus at 4:30 in the morning and having it run until 9:15 am after the morning route? Energy costs to provide current to the engine block heater becomes a 24-hour expense. The monthly expenditure can be as high as \$1,500 for our fleet of 21 buses.

I urge this committee to recommend that the proposed new student transportation funding model be implemented as planned this September and funded as recommended by Dr. Rozanski; that is, \$691 million plus benchmark increases from August 2002. Implementing a new funding model without the \$40 million will continue inequities across the province.

Excellence for All: The Ontario Liberal Plan for Education contains the following statement:

"School boards in rural and northern regions need funding that reflects the transportation and other costs of far-flung regions.

"We understand that schools in urban, rural, suburban and northern areas have different needs. The funding they receive should reflect the needs of those communities."

As a small bus operator, I submit this is an affordable promise to keep to ensure that the 800,000 children continue to receive safe, secure and on-time transportation.

0930

The Chair: Thank you for your presentation. We have about four minutes per party. We'll begin with the NDP.

Mr Prue: In the last couple of years, we've all seen the cost of gas—they're probably gas buses, not diesel.

Mr Malette: They're diesel.

Mr Prue: Oh, they're diesel. That seems to be a little bit more stable. Costs of that kind have gone up quite significantly. Has there been any adjustment from either the past government or from this one for increased fuel costs?

Mr Malette: There has been some adjustment, which was provided two years ago. It was quite minimal, actually, but I think the Ministry of Education is aware of the costing model that's out there. They need to address those issues.

Mr Prue: How about the bus drivers? Have their wages gone up in the last number of years?

Mr Malette: They have not kept up with the rate of inflation.

Mr Prue: When was the last time bus drivers in your company got a raise?

Mr Malette: About two years ago, and proir to that was probably eight years before that.

Mr Prue: Can you be blunt and tell us how much a bus driver who carries very precious cargo gets?

Mr Malette: Today they're getting around \$42 per day.

Mr Prue: Per day? Mr Malette: Per day.

Mr Prue: How many hours does that involve?

Mr Malette: Drivers work between three hours and four hours a day.

Mr Prue: That's not much if that's their whole job.

Mr Malette: That's right. What's happening in our industry is that a lot of drivers have to go out and look for secondary income. Being dual-income families today, a lot of drivers are not interested in working for three or four hours a day; they need full-time employment. It's becoming more of a challenge for us to hire good, competent employees to run our buses and ensure the safety of the children.

Mr Prue: You've mentioned the figure \$691 million versus \$651 million. That's \$40 million. That's a lot of money, I guess, but it's not that high a percentage. Have you received any indication from the present government that they want to move on Dr Rozanski's recommendation?

Mr Malette: We haven't had anything confirmed, no.

Mr Prue: Thank you.

The Chair: We'll move to the government.

Mr Colle: We certainly heard from the chair of the board, Ms Landers, how northeastern Ontario is maybe a model for the rest of Ontario in terms of co-operation. You essentially pick up children from all four different boards?

Mr Malette: Yes, we do. I must tell you that this board is very diligent in ensuring there is good co-

operation between the four boards and the bus operators to ensure there is no wasteful spending on the buses.

Mr Colle: Do you deal with four different people, one at each board, in terms of your company, or do you deal with one person assigned from the four boards? How does that work?

Mr Malette: The four boards have one manager of transportation who oversees day-to-day operations, and we report to that individual.

Mr Colle: So there is one individual whom they have assigned?

Mr Malette: That's correct.

Mr Colle: You think that works very efficiently?

Mr Malette: Extremely well.

Mr Colle: OK. The other thing in terms of cost pressures: I've been talking to some of the bus drivers and some of the school bus companies in southern Ontario, and the real cost pressure they're having is insurance. What's happening with insurance costs in northeastern Ontario?

Mr Malette: They're very reflective of what's happening in the south. If I may add, for your information—you talked about driver compensation—crossing guards in the GTA get paid more than school bus drivers do, and I think that's a real issue that needs to be addressed. I believe the drivers have a lot more responsibility out there with the care and control of those children.

Mr Colle: And about insurance costs?

Mr Malette: Oh, I'm sorry. Insurance costs are very reflective of the situation in southern Ontario. Insurance rates are going up 200% or 300%, and it's becoming unmanageable for us. As an example, back in 1996, I would have been paying probably around \$16,000 or \$18,000 as a premium and today it's over \$70,000 for that same premium.

Mr Colle: How many providers of insurance are there up here?

Mr Malette: There are only two providers who are willing to do school buses in North America. One is Lumbard and the other is St Paul's, which is a US firm.

Mr Colle: So there are two left. OK. Thank you very much.

The Chair: Mr Wilkinson, did you have a question?

Mr John Wilkinson (Perth-Middlesex): That was my question, actually, on insurance.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for your presentation. The busing issue and getting some standards and uniformity has been an issue for a long time. It seems that this part of Ontario has certainly done the job.

I guess the simple request here is that you're basically asking them to come forward with the final \$40 million. What we did over the last two or three years, as you know, is the \$30 million, but it was never core funding, it was kind of one-time funding. So the operators were operating in a kind of wishful frame of reference, having no ability to make longer-term commitments and decisions. It must be very difficult. I gather that's what you really want.

I'm going to ask the research staff—we've heard the ESL issue, the transportation issue, the technology issue, the resources, the costs of fuel and heating and all that. The costs here are higher per student; there's no question about it. In fact, if you look at per capita spending, the education demands are absolutely astronomical, and I can't disagree with many of them either. I would like the research staff to tell us what is the cost per student in a large board like Toronto and the cost per student here in northern Ontario, whether it's French-language or English-language systems. It would be interesting to have a comparison. Then, if you could, break that out: how much per student on transportation costs, because everybody's bused here—I mean, you can't walk 125 miles to your school. In fact, how do you get there by bus? Do you have anything to respond to that? Because it is equity and there are disadvantages here technically by distance and the rest.

Mr Malette: A decade ago, the Ministry of Education used to fund boards in northern Ontario at a premium, 15% over boards in southern Ontario. The government removed that 15%, and that was—

Mr Bisson: Was that on transportation alone?

Mr Malette: I believe it was across the board, and that was a very difficult position for us to be in. It put a lot of operators out of business. You have to remember that if you want to keep the children safe, secure and on time, you have to make sure there's a safety net to ensure the operators are compensated fairly. I don't see that happening right now. Mind you, I must tell you that we're a very dedicated group who provide service to the school boards in northern Ontario; probably more dedicated than you'll see anywhere else in the province. Maybe it's a northern thing.

Mr O'Toole: Does any capital money flow at any time, or do you finance the equipment yourself? Is that it?

Mr Malette: Yes, we actually have to beg, borrow and steal from our banker. Bankers are not very interested in looking at us right now, because it's not a very profitable venture. If they don't see any margin in there, they're not going to want to lend you money.

Mr O'Toole: Were there ever any capital grants?

Mr Malette: No, there haven't been.

The Chair: Thank you for your presentation this morning.

ELEMENTARY TEACHERS' FEDERATION OF ONTARIO, ONTARIO NORTH EAST LOCAL

The Chair: I call on the Elementary Teachers' Federation of Ontario North East.

Good morning. You have 20 minutes for your presentation. You may allow time for questions within that 20 minutes, if you so desire. I ask you to identify yourself for the purposes of Hansard. You may begin.

Mr David Livingston: Good morning, Chair and members of the standing committee. My name is David

Livingston. I'm the current vice-president of the Ontario North East local of the Elementary Teachers' Federation of Ontario. I am certainly pleased to be here this morning and to have the opportunity to forward our thoughts regarding fair and equitable funding on behalf of the students enrolled in the publicly funded schools of northeastern Ontario.

We, as teachers and union members, acknowledge the incredible cost of adequately funding education in Ontario. We acknowledge that every board of education—and District School Board Ontario North East is no exception—is, in fact, a multi-million-dollar enterprise. It is critical that we ensure that funding allocation delivers the best bang for the buck. We welcome this consultative process provided by the Liberal government of Ontario. Please give due consideration to the suggestions put forth on behalf of the elementary students and teachers of the District School Board Ontario North East.

As mentioned previously, we acknowledge that our board of education manages a multi-million-dollar organization. It must also be acknowledged that the well-qualified teachers who staff the schools from Temagami to Hearst represent the resource base of this organization. Without them, the system would not function.

As a union, we negotiate fair salaries for teachers and attempt to ensure that teachers' working conditions are of high quality. We also maintain that good working conditions for teachers and positive learning environments for students are synonymous.

However, it is not possible for us to negotiate other terms regarding the allocation of funding to elementary education at the local level. Therefore, today we advocate for students and teachers by directing the provincial government to address and eliminate the unfair gap in funding that continues to exist between elementary and secondary student grants. Those of us who work with young students strongly object to funding that considers secondary students to be more worthy than their younger brothers and sisters. The gap between elementary and secondary school funding is an offensive \$796 million. This inequity must be eliminated, and not to the detriment of secondary school funding.

Additionally, the disparity in class size between elementary and secondary classrooms sits at 2.5 students per average class size. A government that pledged smaller class sizes for primary students cannot allow this disadvantage for the elementary system to continue. We cannot stress too clearly, however, that the reduction in class size must not be funded at the expense of the salaries, benefits and working conditions of classroom teachers.

Teachers in our system spend countless dollars personally enriching programs in our schools. My colleague Ms Rowlandson will be speaking to that after I'm done here. They spend countless hours orchestrating fundraising to support computer programs, library collections and school excursions. This is a symptom of a system that is currently under-funded.

Let's speak for a moment about specialist teachers. In this school board, they have gone the way of the dinosaur. I, for one, was at one time a librarian at my school. I'm now a special ed teacher. We have very few music teachers in our system, librarians are virtually non-existent, computer teachers are an endangered species, and guidance teachers are extinct.

The loss of these special teachers is tragic to the system. Their special gifts often bring learning to life for some young people. In addition, without these special teachers, it is difficult for school boards to provide classroom teachers with the kind of preparation time that results in high-quality classroom experiences for children. Adequate preparation time is also critical to the effective implementation of the myriad of new programs, such as early math and reading which are now being mandated by the Ministry of Education.

In a different venue, we ask that this government consider the \$50 million spent every year on the EQAO standardized testing program. As elementary teachers, we know that we are best qualified through ongoing and reflective evaluation and anecdotal observation to assess student learning. We assert that the devotion to standardized testing, initiated by the predecessor government, has been destructive to the system. Schools are now driven by improvement plans that coalesce all teaching toward improving test scores. The whole child is often lost in the shuffle.

We also question how EQAO standards are set when such international standards as those used on the OECD program for international student achievement position Ontario's 15-year-olds third only to those in Finland and Alberta, while our own provincial tests have large numbers of the same student population failing to achieve provincial standards.

Standardized testing and quality education are not synonymous, and we ask this government to question whether \$50 million, plus the huge amount of money spent in in-service for and the delivery of the testing itself, is money well spent.

I would also like to refer the Chair and the committee to President Emily Noble's nine-page submission entitled Rebuilding Ontario's Education System. It's available on the ETFO Web site at www.etfo.on.ca.

At this time, I'd like to turn it over to my colleague Paulette Rowlandson.

Ms Paulette Rowlandson: Good morning, Chair and members of the committee.

Teachers have been subsidizing their classrooms for the government for years. The average spent in an elementary classroom in a year is well more than \$500. Items purchased range from bulletin board displays to class sets of glue sticks. Other items are markers for overheads and chart paper, class sets of scissors, staplers, colouring pencils, pencils and pens. Some of these items we need to provide for our classrooms because the boards are buying from the least expensive suppliers to save money, while other items are just not available in the school supply room.

When substandard materials are purchased by the boards of education to economize, many of these consumables are useless. The pencils break every time you sharpen them, and the leads fall out. The sharpeners we have eat up the pencils or the sharpeners' handles break off. Substandard erasers are hard and leave black smudges instead of erasing properly. Most of our pens are not functioning. We are left with boxes full of unusable pens, pencils and erasers that sit on shelves or are discarded because of poor quality.

Supplies available in the schools are unreliable. Therefore, your dedicated teachers go out and purchase pencils and sharpeners that will do the job, and erasers and pens that that will write to alleviate all the frustrations in the classroom.

Also, numerous items that are needed for the curricula are purchased on a regular basis by your teachers. For instance, in the new math curriculum, concrete materials such as counters, fact flash cards, pulleys, metric scales, measuring tapes, graphing activities, to name a few, are not provided.

The schools do not have adequate funds to purchase these materials that are needed to support the program. Therefore, the teachers go out and purchase these resources with their own money.

Also, in the social studies curriculum, we have a section about the peoples of the world and of life in their communities. However, textbooks showing the peoples, their clothing, their homes or their foods are not provided. The teachers must then purchase the necessary items if they are to be able to successfully teach these lessons.

The arts awaken and develop the creativity of our students and our children. Thus, a large variety of supplies such as paints, sponge or foam pieces, among others, are needed to expose our children, our students to textured art lessons.

Another area that teachers put a lot of personal money into because of a lack of government funding is the technical department. Our schools are becoming more and more technically-oriented. Teachers are now required to access the Internet for updated new resources. Does the board provide financial compensation to the teachers who subscribe to the Internet? Do they compensate the teachers for subscribing to an educational site that will provide numerous handouts and exercises that will cut down on the amount of hours spent devising these activities for the classroom?

Also, teachers are required to do report cards on computers. Does the board provide teachers with functioning computers? No. The teachers are expected to have computers and to use them for school purposes, but boards do not have sufficient funding to pay for computer software, let alone for printer ink cartridges that are used up when you photocopy a whole class set of report cards at an average cost of \$40.

Numerous teachers have had problems with their personal home computers after installing the program containing the start-up information for report cards. Does the school or school board pay for the technicians needed to repair these computers? No. A home visit by a technician is not cheap and can run you into hundreds of dollars. On an average it's an hour for a visit from a technician.

Are all teachers on staff provided with functional computers at work? No. In this technological age, more

funding is needed for our schools.

Teachers are a conscientious body of people who take their work to heart and want to ensure that they have all the necessary tools to provide their students with the best available learning environment and education. That is why teachers have been subsidizing the education system by paying for many of the supplies required for their work.

In today's age, we are also dealing with a student population that needs to be motivated, either for learning purposes or for behavioural purposes. Children more than ever require concrete resources and motivational items to learn. These concrete resources and motivational items comprising a variety of manipulatives, stickers, prizes, treats, all add to the program and enhance the learning of the students. They are a must in today's classroom. Are these provided to teachers? No.

Today, I have tried to make you aware of a few problems that exist in our education system. That is why government funding needs to be increased to cover and include all the necessary supplies that teachers require for their classrooms so that our children can be well equipped to survive and function in today's society.

A point to note: In the section of the employee expenses in the income tax guide, there is a paragraph to the fact that teachers are allowed to claim consumable expenses. Why doesn't the government make it obligatory for school boards to sign the form, the employee expenses form T-2200, so that teachers are able at least to claim their expenses?

Thank you.

The Chair: Does that conclude your presentation?

Mr Livingston: Yes, it does.

The Chair: Thank you very much. We have two minutes per party. We begin this rotation with the government.

0950

Ms Judy Marsales (Hamilton West): Good morning. Thank you for making this presentation. I've thoroughly enjoyed listening to all the presenters this morning. I have a particular interest in music, and while you addressed a lot of the supplies, could you tell me what state your instruments are in, or do you have a music program? Is that a part of the daily activity for the children? Music has been proven to stimulate the mind and the spirit. Could you just expand on that, please?

Ms Rowlandson: In the school that I'm in we have a music teacher. Materials are not readily available. A lot of the equipment has come from year to year and is becoming older. This music teacher will be retiring this year. We have no idea whether she will be replaced. The word is that there are no funds available to replace the music teacher, so the program that we have—20 minutes

with music twice a week for each classroom—will probably disappear next year.

Mr Livingston: The school that I'm in is a 7-8 school. It's the only 7-8 school in the board. We've had a music program since 1970 when I first arrived on the scene. The instruments were purchased probably back in 1975-76 when the instrumental program started and very few of them have been replaced. You can imagine what kind of shape some of them are in. But they still offer the instrumental program, along with choral music as well.

The Chair: Thank you. We'll move to the official

pposition

Mr Toby Barrett (Haldimand-Norfolk-Brant): I'd like to thank the elementary teachers for testifying this morning. Much of your presentation focused on subsidizing equipment for the students. Two questions on that one: Are the parents ever asked to buy a pencil or a pen for their child or to supply that? Secondly, the average subsidy teachers are throwing in is \$500 on those items, plus you listed expenses for teachers—Internet costs, use of home computer, sometimes having a technician coming into the home. What would be the total? Are you asking for the finance committee to provide that money directly to teachers? I know you mentioned the tax write-off option as well.

Ms Rowlandson: To answer your first question, we do ask parents to provide pencils and other supplies for their children. We have families who do not have the means to purchase these for their child, therefore we still have to provide some for the classroom. In a way we're asking that more funding be given to the schools so that the school boards may provide maybe a little budget per classroom teacher so that they can have access to that amount of money and use it in their classroom for the

year as they see fit to provide these supplies.

Also, it would be a very good idea to have the government allow the teachers to claim these on their income tax. It would cover some of it, not the whole portion. I gave you a rough idea of \$500. I'm a core French teacher and when I started teaching there was nothing provided supply-wise in my classroom. I've had to go out and buy it. You can't teach a lesson on food or any of these things without concrete materials, because a picture just doesn't say it. Some of the kids, especially our Cree children, don't even have an idea of what a watermelon is, apples or oranges. I'm not kidding when I say this.

These sets of manipulatives cost \$200 or \$300, so if we are here to train some of these—I spent over \$1,000, \$2,000 when I began my teaching. These consumables are used by the kids. Eventually, they wear out, they disappear, they are broken, so therefore you are continually replacing them. If the government would tell school boards, "Sign these expense sheets," that would be one way, plus increasing the funding in the schools so that the boards are able to provide functioning computers to the teachers at the school. I've already replaced my hard drive. It cost me over \$500. I've had a technician twice come in to repair my home computer. I worked at school for two years with my home computer there before I got one provided to me by the board.

The Chair: We'll move to the NDP.

Mr Bisson: Thank you very much. Just for members of the committee, most of our reserves here are fly-in communities, so the cost of transporting food and essentials is out of this world. They're not kidding when they say that you'll get kids who'll come down this way by choice in order to attend secondary and a lot of them haven't seen a lot of the foods that we're used to because of the cost. Even if they're in the store, in many cases, if you are in Peawanuck it's probably kind of old and you wouldn't want to eat it. So most of the kids wouldn't know. Quite frankly, my good friend Mike has seen that.

First of all, I notice you have broccoli.

Ms Rowlandson: No, it's asparagus.

Mr Bisson: Asparagus, I should say. I have to go back

Ms Rowlandson: See, you have to come back to my class here.

Mr Bisson: If I had gone to your class, maybe I would have liked asparagus much earlier in life. I'm a convert and I commend you for showing the kids-

Ms Rowlandson: I grabbed this one because it fit in my container.

Mr Bisson: The T-2200: You were saying that you are allowed to deduct on your federal income tax. Explain to me what you were getting at.

Ms Rowlandson: It says in the bulletin, in the guide, that teachers are allowed to claim consumables.

Mr Bisson: As a federal deduction?

Ms Rowlandson: As an income tax deduction, yes.

Mr Bisson: But federal, not provincial.

Ms Rowlandson: Yes.

Mr Prue: Close to.

Mr Bisson: Close to. But the problem is the boards won't sign it?

Ms Rowlandson: The boards do not want to sign them. We've asked principals to sign them. They send it off to the boards, and the boards' directors, the board persons in charge of finances do not want to sign these.

Mr Bisson: So you can't file it as an expense under a T-2200 without the signature?

Ms Rowlandson: That's right.

Mr Bisson: OK.

The Chair: Mr Prue, very brief.

Mr Prue: Yes, very brief. I just want to get back to the EQAO. That's \$50 million. I think all of the teachers' groups are unanimous: If you're going to save some money, that's the place to save it. My question to you is, if this continues and the boards don't have any money, what is the purpose of the EQAO? If they're to recommend improvements and then there is no money to make the improvements, what is the purpose of that board? I don't understand. Maybe you don't either, but I'd like to hear that.

Mr Livingston: Not being an expert on the EQAO, I would say that their primary function, as I see it as a union person, is in the testing area. If they don't have that mandate anymore, I'm at a loss as to what they would-I don't know.

Mr Prue: OK.

The Chair: Thank you for your presentation this morning.

CITY OF TIMMINS

The Chair: I would call on the city of Timmins to come forward, please. Good morning.

Mr Victor Power: Thank you, Mr Chair. My name is Victor Power, mayor of the city of Timmins. "Power" is spelled like in hydroelectric. With me is Mr Jack Watson, who is our city clerk and acting city administrator.

First of all, I'd like to thank you for holding this hearing right here in Timmins, which, as you all know, is really the capital of northern Ontario and the largest city of Canada in terms of geography. That gives you an idea as to why we have some of the needs that we're going to be talking about.

The city of Timmins has four major points that we would like to discuss this morning: a new deal for Ontario cities; the financial impact of transferred provincial highways to the city of Timmins; the continuation of the northern Ontario heritage fund-capital assistance to enhance northern communities program; and also the need for long-term-care beds.

First of all, the city of Timmins supports the request of the Association of Municipalities of Ontario and the Federation of Canadian Municipalities for a new deal for cities. Ontario's municipalities must have adequate, predictable and stable revenue that reflects the true cost of funding local municipal priorities. All municipalities, regardless of their size or location, face fiscal challenges. New funding plans must be implemented through cooperation with the federal and provincial governments to provide political autonomy and revenue-raising flexibility. Municipalities are left far too reliant on property tax, a poor alternative, since it tends to lag population growth and has only an indirect connection to economic activity.

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Municipal revenues are not keeping up with the cost of living, let alone the service responsibilities. The city of Timmins understands the province's fiscal challenges, but Timmins has been facing similar pressures for years. Sustainable solutions must be found to address the growing fiscal imbalance. The limited municipal revenues are proving inadequate for municipalities to meet the burgeoning local responsibilities for such areas as public transportation, waste management, water purification, public safety, and roads.

We urge the provincial government to work with the federal government to ensure that Ontario's municipalities have the authority, autonomy and revenue necessary to fix its infrastructure. The city of Timmins supports AMO's position, which is to pursue a tripartite agreement with the provincial and federal government that would improve cooperation, enshrine consultation processes into legislation and provide a basis for sourcing more stable and predictable sustainable revenue.

In addition, the city of Timmins would not want to see any federal funding provided to municipalities off-set by reduced provincial transfers. These new federal initiatives should not proceed without provincial agreements that there will be no clawbacks on provincial funds that help municipalities.

Municipalities have been downloaded the responsibility to maintain former provincial highways. The cost of maintaining local roadways and the former provincial highways and bridges are now funded through property taxes.

The city of Timmins supports AMO's position that a share of existing gasoline taxes should be given to municipalities to help fix their infrastructure. This is based on the premise that provincial and federal gas taxes are collected to fund roadway construction and maintenance. The city of Timmins believes that there is a need to study the ability of municipalities to fund and manage responsibilities that have been downloaded on to them, such as provincial highways.

The city of Timmins is struggling with a pressing need for investment and new infrastructure. Property taxes alone cannot possibly finance the needed investment in roads, public transit, water and waste water treatment. Significant investment is needed from both the provincial and federal governments.

The following is a summary of the provincial high-ways transferred to the city of Timmins. I won't itemize each one, but you came in from the airport last night, and one of the roads listed here is the airport road. That's in terrible condition. All the other roads listed here are in just as bad a shape.

You'll see at the bottom of page 6 a table. In 1997 and 1998, the province downloaded highways to some cities—not to all, but to some. Timmins received, as you can see, 86.8 kilometres of highway. Sudbury received 14 kilometres of highway. Thunder Bay received nine kilometres of highway. North Bay and Sault Ste Marie did not receive any kilometres of highway. I'm not here to suggest that they should; I'm only pointing out that we did receive more than our share.

The city of Timmins is currently maintaining these highways but cannot afford to assume the annual estimated \$4 million for capital construction upgrading and maintenance costs without major increases in municipal taxes.

The situation is compounded by the fact that for the past six years no capital construction improvements have been completed on the 87 kilometres of transferred provincial highways other than those on the connecting link highways. The condition of some of the transferred highways is reaching a level of critical concern to the city. We are particularly concerned about the safety of our residents, as well as visitors to the city, travelling on these transferred provincial highways.

The city of Timmins does not have the financial resources required to reconstruct the transferred provincial highways to a level that would ensure the continued safety of the public. MTO provided \$1 million in

1997 for the maintenance of transferred highways for a period of three years. By the end of 1998, these funds were expended. Since then, all maintenance has been completed and paid for by the city of Timmins.

The city of Timmins is proposing as part of the new deal for northern Ontario the continuation of the northern Ontario heritage fund capital assistance to enhance northern communities program as one way to provide northern communities with the resources to build, renew and enhance their basic infrastructure. This would maintain the quality of life that is necessary to generate jobs and investment in local economies.

The flexible eligibility criteria and funding based on population size allow this program to meet some of the long-term needs with respect to municipal infrastructure. A guarantee by the provincial government that this program will continue for years to come will allow municipalities to make long-term plans to upgrade the existing infrastructure within their cities. The commitment by the provincial government for the continuance of this program will be a huge step toward cities in northern Ontario achieving sustainability.

Before I leave this topic, what I'm talking about here is, this year we received \$2.5 million for infrastructure from the fund that I'm talking about under the northern Ontario heritage board. If we were to receive that every year, we could really do some work. We're leveraging that money and we're going to spend about \$3.7 million on that program this year. We're calling that the big dig, but we'd like to have a big dig every year, because we have so much work that needs to be done.

Long-term care: The city of Timmins is also requesting the honourable minister to petition the provincial government for additional long-term care beds for the city of Timmins.

Over the last number of years, the district health council has indicated that the district of Cochrane is overbedded with respect to long-term-care beds. The city of Timmins respectfully suggests that when analyzing the need for long-term-care beds in the district of Cochrane, the district may be over-bedded as a whole, but in our respectful submission, we believe the city of Timmins itself is under-bedded. I'll explain what I mean.

Right now, they say the district of Cochrane is overbedded. That may be true, but don't tell that to someone whose parents have to be moved from Timmins to Hearst or New Liskeard or Iroquois Falls because we can't find them a long-term-care bed here in Timmins. It's probably true to say the district of Cochrane is over-bedded, but the city of Timmins is very much under-bedded. As I say, this is a really serious problem. We have all kinds of seniors who are shuttled off to other municipalities. What a way to spend your golden years; your family can't even come to see you, other than maybe once a week. This is just not right. So we're bringing this to your attention. Statistics don't always tell the true story, and this is the true story.

In 1993, the provincial government changed the status of homes for the aged to long-term-care facilities. Due to

the change, a number of issues began to arise. Currently, anyone 18 years old or older who requires long-term care is eligible for admission to Golden Manor. This change in policy has led to a crisis where younger people with long-term-care needs are being admitted to Golden Manor and seniors are placed on long waiting lists. The city of Timmins believes that this change in policy displaces seniors who are currently on our waiting list. In other words, more people have become eligible for longterm-care admission, and the impact of this change in provincial policy was not considered. Although the target group for eligibility to Golden Manor has increased, the number of long-term-care beds has remained the same. Presently, Golden Manor Home for the Aged has a waiting list of 90 people, and this has been the average over the last number of years.

In addition, many of our seniors do not have family doctors. There is no mechanism in place when someone enters the emergency ward and is discharged into the community. Follow-up with respect to the frail elderly is virtually non-existent.

In addition to the above, the emergency wards and hallways in our local district hospital are filled with seniors on stretchers. There is no doubt that the lack of human and physical resources for long-term care has created a crisis in Timmins. The need for rehab beds at our district hospital is essential, and it is inappropriate to have an acute care facility providing long-term-care crisis beds.

The city of Timmins has been actively pursuing the provincial government to increase the number of long-term-care beds within the city. In 1998, the city of Timmins and members of the board of directors of the Dome Porcupine Transitional Living Centre proposed to the Ministry of Health to increase the number of long-term-care beds in the city of Timmins. I'm going to stop here to tell you what I'm talking about.

The Dome Porcupine Transitional Living Centre is now known as Spruce Hill Lodge. This was formerly a hospital. When the hospitals were merged into Timmins District Hospital, a number of residents of the South Porcupine area of the city of Timmins, the east end of the city, got together and said, "We're not going to see this building empty." So they went about on their own as volunteers and created a home for seniors. They now have, I believe, about 40 people living there. It's a beautiful place, but it's not funded by the government and it's not funded by the city of Timmins; it's run by a board of volunteers. Most of the work has been done by volunteer labour and by labour that has been provided by local industry, different contractors and so on. It's unfortunate that you don't have two days here, because if you were to visit that place, you would see what private initiative can accomplish.

Regardless, what we would like to see—first of all, we'd like to see an addition to Golden Manor. But if that's not possible, we don't know why those beds over there cannot come under the wing of Golden Manor and

why renovations couldn't be done to part of that building—we wouldn't really need a physical addition—so that additional beds could be provided for our seniors.

Mr Bisson: That's a brand new building.

Mr Power: It's a brand new building, in that it's not more than 20 years old. What I'm talking about here is something that makes sense. It might not meet all the criteria of crossing the t's and dotting the i's, but it makes sense. I just thought I'd stop and mention that.

The proposal was refused, and the city of Timmins is still facing the same problems it had six years ago. Our city is still in crisis, and it's time to take a long look at the needs of our aging and vulnerable citizens in the city of Timmins. We must address funding shortfalls, not only in the provision of additional long-term-care beds, but also community resources to allow seniors to remain in their own homes for as long a period as possible, thereby reducing the current pressures on our local hospital and community services.

Attached to this brief is a presentation prepared by Dr. Edson Smith, medical director for Golden Manor Home for the Aged, which was presented to the Honourable George Smitherman, Minister of Health and Long-Term Care, a week ago Saturday.

Once again, we would like to thank the standing committee on finance and economic affairs for providing the opportunity to us to speak to you regarding these issues that are of the utmost importance to the city of Timmins.

If there are questions, I'd be pleased to try to answer them.

The Chair: We have about two minutes per party. We'll begin with the official opposition.

Mr Barrett: Mayor Power and Mr Watson, I appreciate your being here. I commend the committee as well for including Timmins on this swing. I represent the rural south. We have many similar problems in the rural south, but I find a lot of this really quite valuable.

I was not aware of any threat to the northern Ontario heritage fund. Has there been any indication that this may be changed?

Mr Power: I wouldn't say there's a threat. What we're saying is that the \$2.5 million we received this year in special assistance through that special fund is a one-shot deal. That should be an annual grant, so we could really get some work done on our infrastructure.

As you know, with the climate we have—I'm sure the member from Sault Ste Marie, Mr Orazietti, is familiar with the same type of climate—by breakup at the end of March, our roads are in terrible condition. You hear all this talk about pothole patrols on the radio, and all that sort of stuff. That happens every spring, and it's going to happen for the next thousand years. We can't say we're going to spend a minimum on infrastructure. What we're saying is, let's have a big program every year.

Mr Barrett: Very quickly, again we have in common that you mentioned seniors do not have family doctors. Do you have shortages of nurses or pharmacists?

Mr Power: We have shortages of just about everything in the medical field. Some of the doctors have been

born and raised in Timmins, but most of them, of course, come from other areas.

Mr Barrett: I find in the north other occupational groups who are paid by the taxpayers, the people of Ontario. We don't have a problem, it seems, getting OPP or MNR or other people who are paid by the government to serve the people. Do you see a different way of ensuring that we have these—we're paying these people to serve the people. We don't have a problem with OPP and other groups in rural areas. Why do we have a problem with doctors?

Mr Power: As you know, there's a shortage of physicians everywhere, and here in particular there's a shortage of specialists. I don't have the answer; I can only present the problem. I do know we had a meeting with Timmins and District Hospital the other night, and they are spending \$600,000 a year on retention and recruitment. We provide part of that. So it's not that people aren't doing anything about it. We're working on it all the time.

The Chair: We'll move to the NDP, and Mr Bisson.

Mr Bisson: Just a couple of things for the committee, and then I'm going to go to a question you didn't raise in your brief, because I'm curious to see if you've got the same problem.

On the question of Spruce Hill Lodge, the interesting thing about that is that it was a hospital and there was an extension done to it in the 1990s. You've got a brand new building that is a facility designed by the Ministry of Health and that meets the requirements of the Ministry of Health. So when we talk about trying to find a way to convert that to long-term-care beds, it wouldn't be all that expensive to do, quite frankly. That's what the mayor is alluding to.

The other thing members should know is that we've called together all the players in the long-term-care field: Mayor Victor Power, the CCAC, the heads of the institutions—the hospital, the long-term-care facilities—the medical community, and we've been working as a group to try to come up with some solutions to some very long-term problems we've had, and there's actually some good indication from the Ministry of Health that they're going to move on that. But part of what we're saying is that at the end, it's probably going to take an infusion of new beds, and the policy that the former government had—to do it in the private sector—ain't going to cut it up here, quite frankly. We need the government to reverse that policy so that if there is any addition of long-term-care beds, we look at public institutions like Golden Manor.

The heritage fund: Just quickly put, Mayor, I would rather see the \$60 million go to economic development. I still believe we're better off to fund municipalities with core capital through ministries, not through the fund itself. I know the government is looking at that, and I certainly hope you go that way. As a northerner, you know that \$60 million in heritage fund monies would go a long way toward economic development if we can give it access to the private sector and let the ministries properly fund the needs of the mayor. We may have a bit

of a different view on that, but I think we're going to the same place.

Mr Power: Mr Bisson, I don't care where the money comes from within Queen's Park as long as somebody writes a cheque. I'm saying we'd need at least \$2.5 million a year.

Mr Bisson: My question is on the impact—

The Chair: Your time has expired, Mr Bisson. We'll move to the government, and Mr Orazietti.

Mr Orazietti: Thank you for your presentation. If I took the cover page off, you could probably put Sault Ste Marie in this package. There are many similarities.

I want to ask you a question about an issue with respect to the northern Ontario tax incentive zone. We know the implementation date was scheduled for January 1, 2004. We know that the tax incentive zone proposal and the pilot projects that were originally proposed have been under review, as opposed to full implementation. I think we know there have been some problems with the regulatory framework. I want to ask you how you feel about that, as the mayor of a northern community.

I'm just going to preface that by saying that in talking to some of the other northern caucus members, the differences in terms of tax incentives—for example, the northern Ontario heritage fund would take into account the riding of Parry Sound-Muskoka and offer tax incentives for areas that are two to three hours away from Toronto at the same level as communities that are 15 hours away. What types of businesses do you think you'd be able to attract, based on that one-size-fits-all tax incentive program?

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Mr Power: I'll start with the second part of your question. I don't know how Parry Sound-Muskoka ended up in northern Ontario, to be honest. It doesn't really matter how they ended up there, but the point is well taken. For example, we consider Huntsville more or less a bedroom community for Toronto; it's not really part of northern Ontario. If an incentive grant is going to be given to Muskoka, it's not really the same as giving an incentive grant to an area like Timmins or Cochrane or Kapuskasing. That just doesn't make any sense.

As far as tax incentive zone is concerned, my understanding is that it was so fraught with regulations and there were so many t's to be crossed and i's to be dotted and so much fine print that it really wouldn't have helped us very much, plus the fact that we would have had to put up a substantial amount of money. Apparently it—I don't know if the word is "scrapped," but it's more or less out now. It's under review, whatever that means, and it's going to be replaced by northern development councils. Probably that's a good thing. The heading "tax incentive zone" sounds good, but apparently what was underneath that heading really didn't amount to much substantial help for us.

The Chair: Thank you for your presentation this morning.

Mr Power: Thank you, Mr Hoy, and I want to thank again all the members of the committee for coming to

Timmins. I noticed that people from Sudbury and Thunder Bay are coming here. It's great that you were able to come to Timmins.

ONTARIO FEDERATION OF AGRICULTURE, COCHRANE DISTRICT

The Chair: I call on the Ontario Federation of Agriculture, Cochrane district. Good morning. Please

state your name for the purposes of Hansard.

Ms Gladys Helin: I am Gladys Helin. I am the president of the Federation of Agriculture in Cochrane district and a retired dairy farmer. I will be presenting this on behalf of the farmers of the Cochrane district and all of Ontario.

Thank you, Mr Hoy. It's a pleasure to see you here in Timmins.

I'm referring to the problem that has hit Canada and many countries right now, and that is BSE. The crisis that has hit Ontario farmers in the year has been devastating. I realize that much has been said about the problems and losses that have affected western beef producers, but consider what has happened to Ontario farmers. The bottom has dropped out of the market; farmers are suffering. Cows that sold for 55 cents to 60 cents a pound last year are now bringing in 3 cents to 10 cents a pound. That is where the problem is.

The processors are taking advantage of this situation. After purchasing this beef, they're making a gross profit at the expense of farmers. In normal times, a processor would make a profit of about \$125 per pound for an animal. Today, the profit margin for these processors is \$400. Have you ever seen bargains at McDonald's or Wendy's? That's our hamburger. That's coming from our cattle.

The answer to the dilemma that farmers find themselves in today must be resolved. Most important, research has to be done in this regard. We feel that research dollars have to be put into this program. There are dollars that are being wasted in research that should be put into this BSE program, because it is crippling the beef industry.

Testing is the most important thing today if we are to recover from this problem that we are facing. Scientists in the States—and I have given you a paper on that—have discovered a blood test for BSE. The papers are available. This testing should be done on all cattle. Testing has been done in tuberculosis and contagious abortion, which is known as brucellosis, on a country-wide program and eradicated. Why not do this while we still have a few farmers trying to succeed?

We also need an extension of slaughterhouses that can handle these animals, similar to the one that is being planned by Gencor in southern Ontario. Giving farmers a subsidy—and I dislike the word subsidy—on cows that have to be slaughtered for the beef industry, which I understand is about \$125 over what has been received for a butchered cow, is not worth the paperwork that has to

be done—that's if you can find out how to get the paperwork. Why not put some of this into the testing program that I have mentioned?

Latest statistics show that the average age of a farmer in Ontario is 58. The question is, where are our young people? They are being educated and, with the knowledge gained from the farm, are getting top jobs in industry. So what is going to happen to our agricultural industry in years to come if our young people do not have a family farm to take over? The costs today to get into farming are prohibitive. With all these problems that are facing young people, can we force them to stay? Northern Ontario is crying about the loss of our young people to the south. It has been happening in agriculture for many years.

I'd like to speak now on the heritage fund. The heritage fund, as I heard our mayor speak on a few minutes ago, has helped farmers increase production in the last few years with funding. My latest information that I want to share with you is that support to farmers in this has decreased, from 50% in the beginning to 40%, and now in the latest paper I received yesterday, 20%. This will devastate some farmers who have already planned and ordered materials for barns and other projects. By the way—and it's just a question I was asking—is this reduction going to be across the board in all projects or is it only agriculture?

We realize that funding in agriculture has been steadily decreasing, but we are asking you not to decrease any more. Our priority is research, and also technology transfer. We need to know what the researchers are doing. If these are programs that are coming out, farmers need to know—some way of informing farmers of what is going on.

I didn't want to ask for a lot. On consulting with our farmers in the area, they said, "Don't ask for too much and we might get what we're looking for." Thank you very much.

The Chair: Thank you for your presentation. We have about three minutes per party, and we begin with the NDP.

Mr Prue: Just on the heritage fund decreasing for farmers, this is quite troubling. Who made that decision to decrease it? Was this the previous government?

Ms Helin: I have given you the paper that was sent to us. It's in the package.

Mr Prue: I don't have time to read it. I only have three minutes, so can you tell me?

Ms Helin: It was an Ontario package.

Mr Prue: But it was the previous government or this government?

Ms Helin: From what I understand, the paper just came out now, so I presume it was this, and I can't understand how it's been done before the budget.

Mr Prue: That's what I was trying to ascertain here. What you're telling this government, then, is not to go down that road; to allow the farmers of Ontario, and particularly the northern farmers access, to the heritage

fund so that you can build barns and do what's necessary to maintain the family farm.

Ms Helin: To improve their production, yes.

Mr Prue: On the test for BSE, they've developed that in the United States. Do you have any indication of how much it would cost per cow to do the test?

Ms Helin: I presume about \$40 a cow.

Mr Prue: And you are asking that the government of Ontario help the farmers in testing at \$40 a cow.

Ms Helin: I believe that's the only answer we can get. It's the only way we can go. If we want to keep our beef industry alive, we have to. Going and having discussions with the United States is not going to help. We have to prove it to ourselves.

Mr Bisson: Just a very quick question. I look at the price of the beef I buy on the counter. I know you're not getting a heck of a lot. Who is making all the money?

Ms Helin: The middleman, as they always blame.

Mr Bisson: What are you getting now per pound? It's down to almost—

Ms Helin: If it's a cull cow that's going for hamburger, the most we're getting is 10 cents to 11 cents a pound.

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Mr Bisson: How much was it, let's say, two years ago, before all this?

Ms Helin: It was 55 cents to 60 cents a pound.

Mr Bisson: It just amazes me that that's not a scandalous situation. We're still paying the same price at the counter. Somebody is making money. We should give it to the farmers.

The Chair: We'll move to the government.

Mr Wilkinson: I just have a couple of questions. My riding is probably the most rural riding in southern Ontario, so the problems you have are also in southern Ontario. I know a lot of people in the cattle industry are happy about the Gencor initiative, but here in northern Ontario there is really no slaughter capability at all, right? So what happens if the border is closed?

Ms Helin: We do have a small slaughterhouse in Ramore, but actually we need something else. We have to have something, because there is just no way—Gencor is coming up with that slaughterhouse, but actually I believe most of the cull cows that are purchased at New Liskeard are going to Quebec.

Mr Wilkinson: So they're going over that way, because the US border has been closed the other way.

Ms Helin: That's right.

Mr Wilkinson: I know it's probably the number one issue facing agriculture today. It's more of a federal thing that we're trying to support, what we need to do to get that border opened. It's a huge issue where I'm from and I'm sure it's a problem here as well.

In regard to the testing, this is relatively new. I hadn't actually seen the article about the UK blood test, which seems to be amazing, if we can actually get that over here. Are there any impediments to getting that test available in Ontario other than the fact that we just have to buy it?

Ms Helin: I presume it would have to be purchased, but it's something we have to look to because our industry is suffering, and suffering very badly. In dairy farming alone, their cull cows were their—should I say?—profit line, and they've lost it.

Mr Wilkinson: So you don't have much of a cattle industry here; most of it is dairy in the north.

Ms Helin: No, we have quite a bit of others. We have hog farmers, poultry farmers, quite a few grain farmers. We have a little bit of everything here in the north.

Mr Wilkinson: This is affecting your other ruminants as well. I would assume.

Ms Helin: That's right.

The Chair: We'll move to the official opposition.

Mr Barrett: Thank you, Ms Helin. We really appreciate this information on the blood test because, regrettably, the way it is now, you have to kill the animal before you can find out whether it has got a problem.

Ms Helin: That's right.

Mr Barrett: This has been going on since last May. The level of testing in Canada or the States did not go up, although very recently the federal government did put \$90 million into this. If we had a blood test, it just indicates the value of research and technology. You indicated that brucellosis is no longer a problem.

Ms Helin: That's right.

Mr Barrett: My family had to kill every one of our herd because of brucellosis and actually my father caught it as well. It was very serious. Now it's not a problem.

The federation of agriculture did present a couple of days ago to this committee, and the report was very well received by all parties. It made mention of support for the Gencor proposal, financial support for additional cooler space, financial support and funding for marketing, emergency feed and deadstock removal, and financial support for the national tag program, the ID program, which—

Ms Helin: Is a wonderful thing.

Mr Barrett: It's a success story in Canada. It leaves a lot to be desired in the United States. They're not up to speed compared to Canada. It's the same with the testing. So many areas in the States don't test. That's not an excuse for us not to—through government to continue to ensure that we have the same kind of standards as Japan and France, for example, where every animal is tested. So your provincial body has presented a lot of this. You've indicated some new information. We didn't really get much information on the cull cow other than help needed for the cull cow. Is there anything specific we should do for dairy and the cull cow?

Ms Helin: In the dairy industry, I could explain to you that from a herd of say 60 to 80 milking cows, a farmer has to cull at least 20% if he wants to keep his production aligned properly. For a producer, they cull any animal that is not up to par. I'd say 20% of the herd is culled yearly. In a beef herd, I'd say about 10%. It's quite a number.

Mr Barrett: When they're eliminating these animals and they're not replacing them, there is income tax—

Ms Helin: You are eliminating animals, but on a farm that is operating, you are raising replacement cattle constantly. A farmer who has 50 milking cows has 100 cows, because he has replacement cattle coming along every year.

The Chair: Thank you for your presentation this morning.

ASSOCIATION DES ENSEIGNANTES ET DES ENSEIGNANTS FRANCO-ONTARIENS, UNITÉ NORD-EST CATHOLIQUE

The Chair: I'll call on the Association des enseignantes et des enseignants franco-ontariens, unité nord-est catholique.

The Vice-Chair (Mr John Wilkinson): Bienvenue. Thank you for coming this morning. For the members of the committee, there is simultaneous translation. The English is on channel 1 and the français is on channel 2.

You have 20 minutes for your presentation and questions from the committee. We'd ask that you begin by identifying yourself for Hansard.

M. Paul Taillefer: Monsieur le Président, membres du comité, je vous remercie de m'avoir accordé le temps d'être ici aujourd'hui. Je suis Paul Taillefer, le président de l'Association des enseignantes et des enseignants franco-ontariens, l'unité nord-est catholique. Je représente environ 640 enseignantes et enseignants réguliers et 150 enseignantes et enseignants suppléants qui travaillent dans la région du conseil des Grandes Rivières.

L'automne dernier, nous avons entamé une période de renouveau, teintée d'espoir. Après avoir subi, pendant huit ans, les compressions budgétaires et les réductions de services, les Ontariennes et les Ontariens ont choisi le changement. Les promesses électorales des libéraux nous ont permis de rêver à un avenir prometteur. Nous demandons maintenant au gouvernement libéral de respecter ses promesses, d'investir dans le renouvellement des services publics et de mettre en place ce changement.

Tout le monde comprend que le déficit, identifié à 5,6 milliards de dollars—l'héritage du dernier gouvernement—place le gouvernement libéral dans une position difficile. Toutefois, vous devez comprendre que ce n'est pas un programme de coupures et de réductions que nous recherchons. Les libéraux se doivent d'entreprendre les changements nécessaires afin d'actualiser la vision du renouveau présentée l'automne dernier.

Nous avons vu à travers les dernières années que les politiques du dernier gouvernement ont créé un déficit social important en réduisant les services publics et en s'attaquant aux plus vulnérables de notre société. C'est à vous de corriger cette situation qui, à long terme, aura des effets néfastes sur notre société.

J'aimerais vous parler aujourd'hui du déficit social en éducation.

Après huit ans de compressions budgétaires et de réformes précipitées, nous ne sommes pas seuls à voir l'impact de ce déficit social. En décembre 2002, le

rapport Rozanski concluait que, pour répondre aux besoins des nos élèves, il devait y avoir un investissement de près de deux milliards de dollars dans le système scolaire ontarien.

Monsieur Rozanski a aussi confirmé que la formule de financement mise en place il y a six ans ne répond pas aux besoins particuliers des écoles de langue française et ne fait rien pour pallier les coûts additionnels reliés à l'éducation en langue française. En cela, il ne faisait que reconnaître ce que nous revendiquons depuis toujours : les besoins particuliers rattachés à l'éducation de langue française doivent être financés de façon différente et de façon adéquate.

Dans son mémoire, présenté hier à Ottawa, la présidente de l'AEFO provinciale a fait état de certaines conséquences d'un financement inadéquat. Permettezmoi d'élaborer sur certaines conséquences particulières au nord de l'Ontario.

Je parlerais premièrement de la survie du nord de l'Ontario.

Trop souvent, le nord de l'Ontario n'est reconnu que pour ses mines et ses forêts. Il est urgent de reconnaître notre plus grande richesse : nos enfants. Sans eux, il n'y a pas d'avenir pour le nord.

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D'une part, il faut améliorer les programmes pour les élèves à risque pour réduire le taux de décrochage aux paliers élémentaire et secondaire. Il faut aussi mettre fin à l'exode de la jeunesse vers le sud de l'Ontario car c'est toute l'économie du nord de la province qui souffrira bientôt d'une pénurie de main-d'œuvre. Selon l'AEFO, l'investissement dans l'éducation postsecondaire francophone pour le nord doit être une stratégie importante de tout plan qui vise à maintenir la population du nord.

L'Université de Hearst, qui a trois campus dans le nord, est la seule université francophone de la province. Nous devons à cette institution que beaucoup de jeunes ont pu faire leurs études chez eux et sont restés par la suite dans le nord. Or, l'institution ne reçoit pas l'appui nécessaire. C'est le corps professoral et le personnel de l'université qui s'évertue à faire des collectes de fonds pour subventionner un programme de bourses destinées aux élèves poursuivant des études postsecondaires. Si on veut garder nos élèves dans les communautés du nord, il faudrait offrir la scolarité gratuite, ou au moins réduire substantiellement les frais de scolarité des étudiantes et étudiants du nord qui choisissent d'étudier dans le nord.

D'autres initiatives doivent être mises en place pour garder nos jeunes dans le nord, et cela avec l'appui du gouvernement. La survie du nord en dépend.

L'accessibilité à la formation en région est importante pour nous aussi. Comme enseignantes et enseignants, on doit constamment s'adapter au changement afin de bien desservir les élèves. Dans le nord c'est devenu une tâche quasi impossible à cause des nombreux bouleversements apportés par le gouvernement conservateur.

En premier lieu, la formation en cours d'emploi n'a pas été favorisée par la réduction du nombre de journées pédagogiques de neuf à quatre. De plus, la création de conseils scolaires de langue française avec des superficies énormes a réduit l'accessibilité à la formation. Les extrémités de notre conseil se situent à environ trois heures de route du siège social à Timmins. Dans notre conseil, pour recevoir une formation de cinq heures et ensuite retourner à domicile, certains membres du personnel enseignant doivent voyager près de six heures en voiture, sur des routes mal entretenues—comme l'a partagé maire Power—souvent en mauvais temps, de nuit et exposés aux dangers d'accidents routiers.

Nous avons aussi beaucoup de petites écoles isolées, et cela occasionne beaucoup de déplacements qui ajoutent aux coûts de la formation. L'an dernier, le ministère de l'Éducation a donné une formation de trois jours à Timmins pour un projet de lecture. Le personnel affecté à ce programme a dû se déplacer, se faire héberger et payer des frais de gardiennage. Timmins, malgré ce que le maire a dit, n'est pas le centre du nord de l'Ontario. Toutes les autres communautés sont bien loin, mais elles font partie aussi de notre district.

Il est temps de restaurer les neuf journées pédagogiques afin de favoriser la formation en cours d'emploi là où se trouvent les enseignantes et les enseignants. Il doit y avoir un financement qui permet au personnel des écoles du nord d'avoir accès aux mêmes formations que dans les grands centres, et nous devons réduire les déplacements en amenant la formation à nos milieux éloignés. Le ministère de l'Éducation doit tenir compte des réalités du nord lorsqu'il planifie de la formation ou des ateliers. Nos enfants méritent que leurs enseignantes et leurs enseignants aient accès aux mêmes sessions de formation que le personnel dans les centres urbains.

En fonction du matériel pédagogique, vous êtes sans doute conscients que les écoles de langue française souffrent d'une insuffisance de matériel pédagogique. Les problèmes relèvent de la disponibilité et du financement.

En premier lieu, il est à noter que le matériel qui répond aux exigences du programme-cadre de l'Ontario et qui est produit à l'intention d'une clientèle francoontarienne est plutôt rare. Nous devons souvent nous contenter du matériel qui vient du Québec. Les ressources produites en Ontario pour les Franco-Ontariennes et les Franco-Ontariens arrivent souvent deux ou trois ans après la mise en place des programmes-cadres. Ce décalage est évident lorsqu'on voit des manuels de science qui se font évaluer un chapitre à la fois car ils sont incomplets. Les maisons d'édition consacrent de nombreuses ressources aux manuels en anglais car c'est rentable. Le marché restreint de manuels en français entraîne des coûts additionnels pour nos conseils. Par conséquent, nos élèves sont privés de ressources. Cette injustice se fait voir dans nos écoles où nos élèves travaillent avec des dictionnaires désuets ou des cartes géographiques qui ne reflètent pas les changements géopolitiques dans le monde.

Au niveau de nos installations scolaires, nous avons deux nouvelles écoles en voie de construction; cependant, nos bâtiments sont vieux et demandent un entretien constant. A cause de leur âge, ces édifices accaparent une grande partie du budget pour les frais d'entretien. Certaines écoles ont des problèmes de ventilation qui affectent la santé des élèves et du personnel. Il est difficile de trouver de l'argent pour une simple couche de peinture. De plus, la formule de financement ne tient pas compte de l'usure additionnelle qu'entraînent nos hivers rigoureux sur les installations scolaires du nord. Vous auriez aimé passer le mois de janvier ici, je vous le dis.

La promotion de la langue et de la culture :

Lorsque le gouvernement conservateur nous a accordé la gestion des conseils de langue française, il a assumé la responsabilité d'en assurer le bon fonctionnement. Dans son récent rapport, M. Alan King a fait état d'une situation particulière ayant trait à l'identité culturelle de nos écoles. M. King a noté que 60 % des élèves dans les écoles de langue française croient que leur identification à la culture d'expression française est importante ou assez importante. Or, ces élèves vivent dans un monde dominé par une culture anglo-américaine et font partie d'une communauté qui se voit obligée de défendre sa culture et sa langue.

Le système d'éducation, en partenariat avec la communauté francophone, doit aider à réduire le taux d'assimilation culturelle et linguistique des jeunes Franco-Ontariennes et Franco-Ontariens. Le gouvernement libéral se doit d'investir davantage pour que nos écoles puissent jouer pleinement leur rôle culturel afin d'aider les élèves à s'approprier leur culture et à développer leur estime de soi.

Notre dossier d'invalidité de longue durée est un dossier très alarmant. Les conditions de travail des enseignantes et des enseignants, dont la pénurie de ressources et les conditions des installations scolaires dans les écoles de langue française, ont un impact direct sur la santé de notre personnel. Nos membres enseignent le programme d'études de l'Ontario comme dans les écoles de langue anglaise, mais ils ont une surcharge additionnelle puisqu'ils font aussi la promotion de la langue et de la culture. Afin de garder les élèves dans les écoles de langue française, ils assument la responsabilité d'un vaste éventail de clubs et d'activités. Puis il va sans dire qu'à cause de la taille de nos écoles, ils doivent assumer plus d'une tâche. Nos membres souffrent d'un taux d'épuisement professionnel alarmant.

Les chiffres sont éloquents. En 1997, on comptait 23,71 réclamations par 1 000 membres auprès de notre assureur en matière d'invalidité de longue durée. En 2001, ce chiffre est passé à 26,85, et en 2003, à 36,75 par 1 000 membres. Chez nos collègues anglophones, le taux de réclamations était de 20 par 1 000 en 2003, alors qu'il est de huit réclamations par 1 000 chez l'ensemble des travailleurs et des travailleuses en Ontario.

Notre programme d'aide aux employés connaît aussi une hausse d'utilisation. En 2000-2001, 9 % des appels portaient sur les difficultés reliées au travail. En 2001-2002, ce chiffre est passé à 28 %. Ce qui est plus alarmant, c'est que de ces appels-là, 51 % viennent des membres qui ont moins de 10 années d'expérience.

La surcharge fait des ravages au sein du personnel dans les écoles de langue française. L'insuffisance des ressources humaines et financières crée beaucoup de stress. Le rapport Rozanski a soulevé les problèmes du financement inadéquat pour les écoles de langue française. Voici un des effets néfastes que vous pourriez pallier avec un financement juste et équitable.

Pour toutes ces raisons, l'AEFO estime que ce n'est pas le temps de maintenir un régime de compressions, mais de passer au rattrapage. Vous devez corriger les erreurs du passé et, au minimum, mettre en oeuvre les recommandations du rapport Rozanski en tenant compte des besoins particuliers des écoles franco-ontariennes.

L'automne dernier, la victoire du Parti libéral nous a conduits à l'aube d'un nouvel Ontario, un Ontario où le gouvernement serait à l'écoute, protégerait les plus vulnérables de notre société et ferait de l'éducation une valeur fondamentale. Dalton McGuinty et son gouvernement ont des choix difficiles à faire. Les promesses électorales doivent maintenant être actualisées.

Il n'y a pas de réponses faciles, mais il y a des principes importants à considérer. Le gouvernement conservateur a hypothéqué l'avenir de toute une génération de nos enfants. Le gouvernement libéral a le pouvoir de redresser la situation.

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Allons-nous faire passer une signature sur un document de la Canadian Taxpayers Coalition avant l'avenir de nos enfants? N'oubliez pas qu'un enfant qui avait quatre ans en 1995, quand Mike Harris a pris le pouvoir, a fait toute son école élémentaire sous le signe de la coupure et des compressions et des réformes précipitées. Si votre gouvernement prend la même orientation, cet enfant va terminer son secondaire sans avoir accès à l'éducation de qualité qui est son droit.

L'AEFO croit fermement que les élèves ontariens méritent mieux. Lors de son discours au Empire Club jeudi dernier, le ministre de l'Éducation, Gerard Kennedy, a affirmé que le gouvernement n'est pas le seul intervenant à avoir la responsabilité pour la livraison d'une éducation de qualité. Il a répété que l'ensemble de la société doit être prêt à certains sacrifices pour atteindre cet objectif.

Nous sommes d'accord, mais nous pensons aussi que le gouvernement doit assumer le leadership sur cette question. C'est pourquoi le gouvernement McGuinty doit agir de façon rapide pour rétablir les services publics de qualité et prendre les décisions nécessaires pour faire avancer le dossier prioritaire de l'éducation.

Merci beaucoup.

Le Vice-Président: Maintenant, les questions. Chaque parti aura deux minutes. Pour le gouvernement, M. Peterson.

M. Peterson: C'est un grand plaisir de vous entendre aujourd'hui. Il y a une organisation qui s'appelle e-Learning au sud de l'Ontario qui se spécialise en éducation électronique, avec des ordinateurs. Connaissezvous cette organisation? Est-ce qu'il y a un moyen de vous aider ici, au nord?

M. Taillefer: Je n'ai pas des connaissances particulières de l'organisation. Au nord, nous nous servons de certains moyens de la nouvelle technologie; par exemple, la vidéoconférence. Nous avons un système de vidéoconférence où nous pouvons offrir des cours dans nos petites écoles à distance, car dans les petites écoles, il y a peut-être un manque d'inscriptions pour offrir certains cours. Mais cela ne rejoint pas toute notre clientèle afin d'être capable d'offrir les cours dont les élèves ont besoin pour poursuivre leur postsecondaire. Il arrive souvent que les enseignants dans nos petites écoles secondaires ont assumé une gamme de préparations différentes qui pour eux devient une surcharge.

M. Peterson: Il y a un autre groupe qui s'est adressé à nous ce matin qui a dit qu'il « shared » avec les autres conseils les coûts et les frais pour baisser les frais pour tous. Est-ce que c'est une possibilité pour votre

organisation?

M. Taillefer: Nous partageons le transport avec les trois autres conseils limitrophes dans la région, mais pour ce qui est de toute la programmation scolaire et de tout ça, ça revient à la gestion du conseil scolaire de langue française. Il y a très peu de ressources qui peuvent être partagées avec les anglophones, parce que les curriculums sont essentiellement différents.

Le Président: Pour le Parti conservateur, M. O'Toole.
Mr O'Toole: Thank you very much for your presentation. I want to acknowledge that the French-language boards, both public and separate, were initiated through our government after the Sweeney commission, so that seems to be working out. Prior to that, they were sort of parallel boards. I would ask if you think you've come any way to achieving the recognition for the French-language system and/or indeed the danger or threat of the erosion of your culture.

M. Taillefer: Je crois que la création des conseils de langue française est une initiative qui était grandement appréciée, puis il était temps. Cependant, comme le dit le rapport Rozanski, il y a des particularités qui s'attachent à l'éducation en langue française qui doivent être adressées pour le service qui est offert à nos élèves dans nos petites écoles rurales dans le nord en particulier. On a besoin que l'attention et le financement particuliers pour ces besoins-là soient adressés, puis le temps presse.

La communauté de Fauquier, et je sais que M. Bisson va vous fournir une carte sous peu là, s'est ralliée autour de leur école élémentaire pour la sauver de fermeture il y a quelques années avec des investissements d'argent, puis aussi avec un programme qui incitait les gens à déménager à Fauquier avec une offre d'un terrain puis de l'argent, etc. Alors, l'école au coeur de la communauté est très importante dans le nord, mais il va venir un temps où les communautés ne pourront pas se permettre d'attirer les gens puis de subventionner les écoles. Je crois que c'est le rôle du gouvernement d'assurer la survie de ces écoles.

Le Président: Pour le NPD, M. Bisson.

M. Bisson: Merci beaucoup, Paul. Tu as fait un commentaire faisant affaire avec la formation qui a dit que la formation que vous avez comme enseignants dans le nord est différente—et moindre?—de celle offerte dans le sud. Peux-tu me dire la différence—

M. Taillefer: C'est une question d'accès. Une fois que les membres auront la carte géographique, ils pourront comprendre que le prof qui doit suivre une formation à Timmins, venant de Haileybury-si tu le fais dans un jour, ça veut dire que tu es parti très tôt le matin, puis tu arrives chez vous très tard le soir, prêt pour reprendre ta journée d'enseignement avec tes élèves le lendemain, tandis que les profs qui sont choyés, qui sont à Timmins, eux-autres, ils suivent une formation de cinq heures. Pour nos autres profs, ça devient une formation de 11 heures. C'est ça le problème. Nous autres, on est un peu différent. C'est qu'on a des grosses poches de population comme à Hearst, à New Liskeard, à Cochrane, à Kapuskasing. Si le conseil aurait de l'argent destiné à la formation, on pourrait aller dans ces régions-là puis former les membres. Comme c'est là, oui, on a accès à la formation, mais c'est les déplacements. Je dois dire que moi, comme président, je me déplace sur toutes ces régions-là, puis ce n'est pas un énorme plaisir de voyager nos routes d'hiver avec des transports, des orignaux, la noirceur puis les rafales de neige. C'est difficile.

M. Bisson: Tout est l'argent. Rozanski a fait son rapport; il a fait des suggestions. Là, c'est au tour du gouvernement. Quel avis leur donnes-tu faisant affaire avec les recommandations de Rozanski, et, s'ils ne les

acceptent pas, qu'est-ce qui arrive ?

M. Taillefer: Il y a un groupe de travail qui était mis sur pied l'an dernier, puis juste cette semaine l'AEFO a été invitée à la table. Je pense que c'est un bon signe, parce que nous sommes les travaillants en première place. Nous connaissons les problèmes qui existent dans les écoles.

Je pense qu'on devrait agir, on doit agir vite. On doit mettre en place ces recommandations parce que, au niveau des écoles françaises, on a fait de la gymnastique, on a démontré de la flexibilité pour faire fonctionner nos écoles. Cependant, il y a des gros manques, puis, comme toute autre entreprise, on risque de chuter s'il n'y a pas une injection immédiate d'argent pour répondre aux grands besoins qu'on a, qui sont particuliers au nord, aux communautés isolées, puis à l'éducation de langue française.

Le Vice-Président: Merci beaucoup.

M. Taillefer: Je vous remercie.

Mr Peterson: Mr Chairman, I was wondering if we could get a breakdown from research of the school boards, broken down into English and French, Catholic and public, with the number of boards, number of teachers and the funding, just to see—

Interjections.

The Vice-Chair: OK. Thank you, Mr Peterson.

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NORTH BAY GENERAL HOSPITAL

The Vice-Chair: I would call the North Bay General Hospital, please. Welcome to the committee.

Mr Mark Hurst: Good morning. My name is Mark Hurst. I'm the president and CEO of the North Bay General Hospital. We appreciate the opportunity of being here today to present to the standing committee. In the interests of time, I may not follow the text word by word, but it will generally follow the themes that I'm presenting.

The hospital that I am responsible for is a 207-bed, level C district referral hospital in northeastern Ontario serving a catchment area of 129,000 people. This organization, on April 1, 1995, evolved from a voluntary consolidation of the North Bay Civic Hospital and St Joseph's General Hospital of North Bay Inc following a long history of co-operation, collaboration and rationalization of programs and services.

From the outset of our existence, our single unified board has been focused on the ultimate goal of a new facility on a greenfield site. This strategic direction was confirmed by the Health Services Restructuring Commission, giving us approval to construct a larger, expanded general hospital facility co-located with a regional mental health centre operating under the auspices of the Northeast Mental Health Centre.

On behalf of our board of directors, staff, physicians, volunteers and all of the citizens receiving care in our facility, I wish to speak to you briefly about a number of factors affecting the provision of health care in our community and throughout northern Ontario which I

hope you will consider in your deliberations.

I've provided you with some information on some of the global challenges in the health care system in Ontario. I'm sure you will have heard this already, or will hear it, from the Ontario Hospital Association, so I won't repeat it for you. I think it's evidenced in information that you've had provided to you before, so in the interests of time I'll just leave those few paragraphs. I reference those global operating challenges simply to emphasize the magnitude of the issue and the importance of moving beyond current funding, which seems to be allocated in the absence of an overall vision or preferred direction for the entire health care system. Since these arguments also apply to many other parts of the province, I wish to take a few minutes to briefly outline the unique challenges in northern Ontario which directly contribute to the current funding dilemma.

While there has been a lot of published work in this regard, I wish to refer to the northern health strategy steering committee, under the auspices of the Networking in the North group, which has recently produced the Northern Health Strategy: Northern Solutions for Northern Issues. I've brought along a copy of the document, if anybody wishes to see it. This research work has concluded that in northern Ontario a number of prevailing statistics have a direct and adverse impact on the provision of health care. They point out an 18% higher mortality rate than in the rest of the province, higher rates of cardiovascular disease, lung and colorectal cancer, injuries and poisonings, overall lower life expectancy, and higher incidents of smoking as a serious health risk

behaviour. Personal income is lower, while unemployment is higher in the north; in addition, our aboriginal population has numerous health care challenges and needs.

This strategy has outlined the following priorities requiring our attention: A more equitable funding formula is required, including a philosophical shift to promotion, prevention and education. Education needs to commence in the early school years, with emphasis on healthy behaviours and suicide and injury prevention.

Overall, health promotion and education requires a much larger emphasis and funding support than is currently provided; improved access to care and services in the north along the principles of equity, timeliness and quality; enhanced resources in northern Ontario to support recruitment and retention of health human resources, enhanced technology, and support for addressing the socio-economic factors outlined above; ongoing support for capital infrastructure upgrades; healthy public policy recognized as a priority, with legislative incentives to support societal change—for example, non-smoking bylaws.

A focus on collaboration, enhanced coordination and partnerships is required across the north, given the challenges of its geography and distance between major centres. Ongoing research and evaluation with appropriate accountability measures and information requirements is also a high priority. Finally, ongoing northern advocacy is required to ensure that these priorities are well understood by government.

We are hopeful that the new Northern Ontario Medical School will be of significant assistance in addressing many of these challenges. I have only touched on the work briefly, to demonstrate the prevailing conditions facing health care providers throughout the north. Recognizing that short-term, quick solutions are unlikely, advances are possible on many fronts. In our hospital a number of key issues require timely and decisive action on the part of government. Considerable work has been done to develop a framework for mental health reform, including de-institutionalization, community reinvestment, enhanced housing and integration with other treatment modalities to minimize and remove the long-standing stigma of mental illness.

While the divestment has occurred in many other communities in the province, it has not yet occurred in North Bay, and that is adversely impacting the overall reform plans.

The North Bay Regional Health Centre, a co-location of the North Bay General Hospital and the Northeast Mental Health Centre, will go to tender this spring, with construction to commence in late summer or early fall for completion 30 to 36 months thereafter. We have an opportunity to provide a world-class model of care, equivalent to best practices in other jurisdictions. However, the overall vision embodied in the final report of the northeast mental health implementation task force requires government support and commitment to bring this advancement in care to fruition.

We are also planning a children's treatment centre to enhance the overall continuum of care for children's rehab services, as it is recognized that there are times when the needs of the most vulnerable—disabled children—can be compromised in the battle for continuing scarce resources. With protected funding in a children's treatment centre and a strengthened community approach across our region, an innovative model can be put in place.

In many hospitals across northern Ontario, including our own, there is a serious problem of alternative level of care patients who do not require the hospital environment but cannot readily access the appropriate level of care in our community as it is not available. In our hospital, this can be as high as fifty patients on a given day, and largely arises due to the aging demographics of our district.

We are working effectively in concert with our community care access centre and many other agencies to seek a solution. However, short term relief for this uncontrollable utilization issue appears unlikely without intervention at the government policy level.

Much has been written about the problems of physician, nursing and specialized staff recruitment and retention. I have often been told that this is a systemic problem across the entire province, and I certainly believe that. It needs to be stressed, however, that the playing field is still uneven for the north given our distance, geography, and critical mass challenges. The current marketplace is extremely competitive and often requires us to use scarce patient-care resources to cover gaps in coverage and enhance on-call funding to maintain our role as a district referral facility.

It is hoped that in your budgetary process, and in the current negotiations with the Ontario Medical Association, steps will be taken to address the ongoing unique challenges of recruitment and retention in the north.

Public expectations for health care overall remain exceedingly high, and our patients tell us repeatedly that there is little or no tolerance for reductions in the core patient care programs that we provide. In order to sustain a high quality system that adequately addresses growing demand, it may be necessary to consider previously unpopular policies around the level of services to be funded beyond those that are considered to be of highest priority to the public.

In the hospital system we know full well the incremental funding needs required from year to year. In order to effectively allocate scarce resources in the future, some level of relative stability must be found in the short term.

For northern Ontario, new innovative approaches will be of significant assistance, including district and regional picture archiving communications systems—a model originated right here in Timmins; the development of the electronic medical record through integrated information systems; and an increased commitment to work in partnership across currently independent hospital groupings. You may be aware that there is a voluntary

system of hospital networks in the province at the time, but there has been little or no incentive to consolidate or move forward. Recently there was a small amount of

money allocated for that purpose.

I can assure you that our board recognizes in this environment the increasing requirement for hospital accountability and the challenge to ensure the maximization of administrative and clinical efficiencies. As we speak to the Ministry of Health on an ongoing basis we recognize that if reductions in core services take place, there's a danger of losing the critical mass in northern Ontario, and that could jeopardize the programs for the future.

Just briefly, I would like to speak to you about capital project development and related challenges in northern Ontario. We are currently actively involved in the development of a new health care facility on a greenfield site. The current funding formula for the general hospital portion of our project requires the community to come up with 30% of the required funds, which in our case, is a total of \$40 million on an overall project cost, including the mental health portion of \$212 million. Just a quick aside: If you do the math, you'll notice that's better than 70-30. It's because the mental health dollars are 100% funded.

While the local community fundraising drive, which had established a goal of \$16 million, recently announced current cash and pledges of \$18.2 million, the required municipal contribution from North Bay and surrounding areas of \$24.4 million is extremely challenging and requires some innovative financing approaches over a 20-to 25-year period to be successful.

We would ask that you seriously consider the eligibility of hospital capital projects for long-term financing at preferred interest rates to ensure that the full local share will be achievable as part of the total required financing plan. There is a municipal infrastructure financing plan—I believe the acronym is OMEIFA; I'm not an expert on that—but something along those lines is what we're

referring to.

In addition, we are required to undertake infrastructure investment to bring services to the chosen site for the facility, and we are also seeking assistance through our city of North Bay for infrastructure financing around the site servicing issues that are not normally cost-shared by the Ministry of Health and Long-Term Care. That is site servicing off the immediate site. So, bringing water and sewer to a site is not normally cost-shared by the Ministry of Health.

Northern Ontario does not have the luxury of large downtown urban centres with readily available serviced lots for this type of project. In addition, our limited tax base makes the acquisition of the fully required municipal share during the construction period virtually

impossible.

Positive action on these two fronts of long-term preferred financing and infrastructure support will allow the project to meet the required local share commitment and proceed to tender in the planned time frame, with significant benefit to accrue to the entire district.

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We are planning this project at a level of due diligence that is extremely high, given some recent experiences in other communities with significant cost overruns and escalation.

From our contact with our Ministry of Health team with whom we're working, we are confident that our project is very well managed, given the structure and approach we have chosen. Our current cost estimates are tracking this project within 1% of budget, and up to tender release we anticipate managing the project within approximately 5% escalation, which would be unprecedented for projects of comparable size.

We are hopeful that the government will be able to find some innovative solutions to assist with this urgently needed project. We have had the opportunity to brief our MPP and the Minister of Health and Long-Term Care recently, and they encouraged us to make this presentation and bring the information directly to the stand-

ing committee.

With the information I have presented today, I hope that I have enhanced your understanding of a number of key factors and pressures impacting on hospital services in northern Ontario. I'm also hopeful that through your budgetary process you will be able to provide stable, adequate, multi-year operating funding and innovative long-term capital financing that will allow us to contribute to a strong and responsive health care system in the north. Thank you.

The Chair: Thank you for your presentation. We have a little less than three minutes per party. We begin with

the official opposition.

Mr O'Toole: Thank you very much for your presentation. As we've heard from most of the presenters in northern Ontario, I'm sure it's difficult to provide services. Certainly in health care the shortage issues are very important. Just one little comment, and then I'll sort of ask a question.

The mental health divestment is something I'm very close to because the Whitby centre, as you know, is one of the ones that hasn't been completed, as is the one you mentioned. It's my understanding that it's really the transition dollars—the divestment dollars for severance pay and all that stuff is huge and it doesn't get you one Band-Aid. It doesn't get you anything. It just gets you into a new organization. Maybe you could comment if there's any new way to do that. That's what the problem is in Whitby. Jean Achmatowicz-MacLeod, who is well known in the mental health field and did the implementation task force report, is a personal friend. I'll let you comment on that.

But I'm more interested in the implementation of not just the PAC system, but technology and health care. What I saw when I was in the ministry on the NORTH network is that the work being done there in psychiatry is profound. The services would not be provided—in fact, I've been involved in a consult with Timmins from Sunnybrook with the patient involved and the permission and all that stuff. What's your comment? When you look

at the dispersed population and you look at the high growth in technology and the expense of supporting the infrastructure, the people, the technicians, what's your view of health in the future? Is it institutional or is it some, with the rehabilitation—there are other kinds of things that are being done with the support of the specialist somewhere else. Is it going to play a much larger role in the north? I think it is now, actually.

Mr Hurst: I think it has to. I think regardless of what budgetary decisions are made, we know in health care that the current levels of expenditures with the system as we know it today is not sustainable, and anybody can tell you that.

Mr O'Toole: Are you commenting to the committee that is meeting on Bill 8? It's a very important bill. You'll be reporting directly to the Minister of Health.

Mr Hurst: I probably will either comment or do a written submission. I'm aware of the issues. The changes are very substantive.

Mr O'Toole: The problem is that health can't move forward without the health privacy policy being defined. That's the whole issue. You can't integrate health and patient records digitally unless you've got the health policy defined.

Mr Hurst: Just quickly in answer to your question, I think the technology piece is huge. We're involved in the NORTH network; we're involved in videoconferencing through that. It's an excellent program. For example, we just interviewed candidates for a senior position, all by video conference as far as away as Manitoba. It's like we're sitting in this room with the screen in front of us.

I think the PAC system is an example. It originated in Timmins and I think credit should be given to Timmins. It's the model that we all should pursue, because it's done extremely well. Telemedicine through the stroke network—you may know that in North Bay we have had the experience of being leaders in minimally invasive surgery with telerobotic surgery; the first community-to-community telerobotic procedure having been done by technology.

I think the simple answer to your question is the shortages are not going to go away quickly and there won't be enough money, so if we don't find innovative solutions to enhancing technology, which has an upfront investment requirement—there are significant dollars needed at the front end to make it work. I agree with you; I think it's going to play a large role in the health care system in the future, because we simply can't recruit in an environment where we're competing with every hospital and every health care agency down the road. It's just not doable.

The Chair: We'll move to the NDP and Mr Prue.

Mr Prue: Thank you. It was quite a detailed presentation. I'd like to focus a little bit here on the prevailing statistics in the north, because I think some of them are very troubling. Statistics point out an 18% higher mortality rate. Everybody dies, so I don't understand that. Is that infant mortality?

Mr Hurst: No, it's overall mortality, mortality at any age. It's just that the mortality rate across all age groups for northern Ontario is statistically 18% higher. So obviously the population is at a much higher risk at many levels. I'm not an expert in this, I'm not a statistician, but my understanding is that there are more babies at risk in northern Ontario—

Mr Bisson: Diabetes.

Mr Hurst: —diabetes, cardiovascular, so just the risk factors being higher regrettably results in higher death rates in northern Ontario than in the rest of the province. The reason I make the point is simply to illustrate that that has a cost impact, so when we create benchmarks or standards to compare hospitals or health care systems to each other, we need to take that into account.

Mr Prue: That's what I'm trying to get through.

Mr Hurst: I'm sorry.

Mr Prue: No, it's fine. You're doing a great job. Is it the type of work, perhaps? I'm trying to figure it out. Being a lumberjack or working in logging is a very dangerous industry. Being a farmer is dangerous. It's probably more dangerous than being a policeman. Is that what is causing some of this, or is it the factor of poverty? Because I will tell you, in downtown Toronto, the people who tend to have tuberculosis and health problems and all of that stuff are the poorer people.

Mr Hurst: I hate to give it a broad stroke, but I think it's all of the above. I think it is the levels of education, the poverty issues, income, all the factors that were outlined in this report, which will be officially released by the committee later this month. I did get their permission to pre-empt it a little bit to get it out there. I don't know precisely why it is so blatantly different except it's a combination of all those factors. In our hospital, I regret to say that we see a number of children's aid interventions with small children, with teenage pregnancies; we see on an ongoing basis that the risk is there. Every report that has been written through the CIHI, the recent cardiac studies, all confirm this. This is not one document that says this is a factor.

The point is, the promotion, prevention and healthy lifestyles—we need to spent more time and more effort in northern Ontario—and perhaps in other parts of the province as well, but certainly I'm familiar with northern Ontario—in ensuring that we're identifying the source of this problem, because if we don't identify the source, we will continue to throw scarce dollars at the solution. That will challenge us all, including the people around this table, to figure out how to do that.

The Chair: We'll move to the government.

Mr Peterson: Excuse my ignorance, but the development of an electronic health record has privacy implications but also has not just some very interesting costsaving implications but quality of medicine implications. Are you being fairly consulted and included by the government in our discussions about that, and what information would you have, if any, about the federal involvement with the provincial government on that?

Mr Hurst: I know a little about some of the initiatives through Canada Health Infoway because we're in the early stages of our PACS development; again, looking at the Timmins model. On the electronic medical record, we are involved with the eCHN program out of Sick Children's, the electronic Child Health Network, which is a model for the electronic transfer of information. Assuming we can get around the privacy issues and the challenges you mentioned, it allows the template for integrating any type of information system. It debunks the theory that you can't unite systems. This system allows you to unite any system from ABC computers to meditech systems.

So we're involved in that. We're still in the early stages. The electronic medical record is a huge project, but I think that, at the end of the day, my point was that if it's achievable and there is a way to have the information readily available throughout the province—maybe not just in northern Ontario—think of the potential timeliness of access to care, the reduction of unnecessary repeated testing; perhaps even intervention that is being done today may not be necessary if we have that seamless

transfer of information.

I don't know a lot more about the details of it. I know the OHA is involved in a significant e-health initiative through the electronic medical record. Our foray into this world right now is primarily through the children's information network, which is an excellent program. I would be happy to provide you with more information if you're interested.

The Chair: Thank you for your presentation this

morning

Mr Hurst: I appreciate the time. Thank you. 1120

TOWN OF HEARST

The Chair: I call on the corporation of the town of Hearst.

Mr O'Toole: Chair, just a point to follow up on Mr Peterson's point: Perhaps we could ask research to look into the whole issue of e-health, telehealth, NORTH Network and all those kinds of resources that he mentioned. The critical piece here that Mr Peterson brings out is the health record, the health card. My view is it should be national, it shouldn't be provincial.

The Chair: Research feels your question is not focused enough for him to—

Mr O'Toole: Just looking up what resources are already in the box. Smart systems for health—

Mr Bisson: I move that we increase the budget of research so he can do all this stuff.

Mr O'Toole: No, the Ministry of Health has a huge amount of money in that whole box already.

The Chair: You cannot move a motion, Mr Bisson.

Our guests are here from the corporation of the town of Hearst. You have 20 minutes for your presentation. You may leave some time within those 20 minutes for questions if you so desire. Please state your name for the purposes of our recording, Hansard.

Mr Roger Sigouin: Thank you very much. My name is Roger Sigouin. I'm the mayor of the town of Hearst.

Mr Claude Laflamme: Claude Laflamme, chief administrative officer and clerk of the town of Hearst.

Mr Sigouin: I'm going to start with an introduction. Hearst is located on Trans-Canada Highway 11, roughly midpoint between North Bay and Thunder Bay. Hearst is a single-industry town entirely reliant on the forest industry for economic support. Hearst is an urban community serving an area population of about 10,000.

The Hearst economy is threatened by globalization of markets and softwood trade impositions from the United States. As a result, some 150 full-time and 30 part-time jobs have been eliminated at Columbia Forest Products since December 2003. Tricept planing mill announced last week the closure of its operation in Hearst, causing the loss of some further 50 jobs. Two other mill operations are still struggling with US softwood duties and tariffs. Competition from Asia and South American countries is fierce and well-known not to be on a level playing field.

With the loss of employment, out-migration may become a reality, and the youth are likely the candidates most prone to leave for good. Hearst is a repeat story from one northern Ontario community to the next.

Mr Laflamme: Business, competitiveness and the provincial role: Hydro, natural gas and insurance comprise a significant component of operating costs, and sharp increases that have become the norm in recent years are cited as a supplementary burden in the overall cost of production. We've met with the mill managers and owners, and those are issues that they have raised. There are others, of course, but we're talking about those that might relate within your jurisdiction.

The government needs to manage controllable costs under its jurisdiction, such as hydro, while implementing further regulatory measures over natural gas and insurance.

We met with the truckers in Hearst in early November. Mr Bisson was there. The mayor had invited the truckers, and some truckers indicated one truck had \$15,000 of insurance, some others had \$25,000. They're just choking. Some larger operations are in the hundreds of thousands of dollars just in insurance, and those are increases in recent years. They're already very marginal, so you add insurance that increases \$100,000 or \$200,000 in a year, they're just having misery.

The Ontario Energy Board should have a broader mandate to monitor and regulate natural gas pricing to a larger extent. We know it's limited to distribution right now. We know the pricing is done at the Alberta border. We're not sure if anything can be done. The industry in Hearst—several of them are very large consumers and have indicated that the cost of natural gas has increased by 50%. We're talking hundreds of thousands or even millions of dollars. So when the bottom line is in the red and you add that to the formula, you can realize the problem.

Insurance premiums have reached crippling proportions and, in particular, resource-based enterprises have been hard hit. Corporate taxation should be restructured to favour competitiveness of Ontario's industrial sector, in particular the resource-based industries of northern Ontario, whose economies are heavily reliant on a single sector.

Capital gains has been alluded to, and other possibilities, of course.

The tax incentive zones that had been on the table of the Legislature last year we really believe should come about as a program. I was part of discussions for the northeastern Ontario proposal, and this is definitely something that would assist in bringing new industry to Hearst and northern Ontario.

Forest industry: We believe the government should undertake proactive measures to ensure a sufficient and steady supply of crown wood for existing northern Ontario forestry plants. There should be a review of the forest management guides and guidelines as well as the protected lands in order to minimize the anticipated future reduction of crown wood available for harvest. One example could be harvesting with horses. We do have a few companies in our area that have horses. They could go in sensitive areas easily and recover wood that is going to die anyway. When it becomes mature—80 vears old or more—it's bound to be infected. Maintaining the current tenure commitment for licensed sawmills to provide some degree of assurance on wood supply will in turn trigger ongoing investment for modernization and business diversification.

Industry has been a cooperative advocate on environmental improvements, but further impositions should be avoided as they are bound to reduce ability to compete in the global marketplace. We know that the competition in other countries do not have the harsh environmental guidelines that our companies have to deal with. Everybody believes in the environment, but there has to be a controlled balance.

Infrastructure: Communities in northern Ontario are isolated and scattered over a vast territory, and northerners need to travel great distances to access a large number of services and conduct business. In the past six days, it's the second time we've been in Timmins. Back and forth is something like seven hours, eight hours. In a few weeks from now, we're going on a journey of 3,000 or so kilometres. That will stretch for about seven days to 10 days. This is all business-related. So rehabilitation of highways is a critical element for travelling and preserving existing industries and attracting new business. A lot of our products are going out in tractor trailers.

I should say also that the Ontario Northland Railway is crucial for our industry, be it the forest industry or the mining industry. It might not be in my presentation, but it's a very important element. In Hearst, I would say that roughly half of the production goes out by rail and half goes out by tractor trailer. You need the transportation competition, again, to maintain the proper control on costs.

It's also well recognized and accepted that municipal infrastructure is in dire need of renewal. For example, the 10-year capital budget for the public works department of the town of Hearst for the fiscal years 2004–13 represents capital expenditures of \$15 million. It was adopted last night by council. In addition, a recent structural and safety study of our recreation centre revealed immediate renewal expenditures of \$850,000, and the list goes on. 1130

In light of the serious economic downturn, the town is facing larger investment in economic development. We are investing in economic development right now, and we're seriously looking at various options, but we know more money has to come. The town is willing to do its share. If provincial funds were available, it would go a long way in multiplying our efforts.

There is then the pressure of huge increases in the delivery of services to residents, and, as set out later on, the policing, social and health fields are prime examples.

Property tax revenue alone cannot suffice to overcome the challenge, and Hearst is certainly not the exception. Tripartite government assistance programs are essential to provide the quality infrastructure that residents as well as industry need to function.

Northern Ontario Heritage Fund Corp: The NOHFC is crucial to northern Ontario as its funding programs are key to stimulate the northern economy and create jobs, as well as preserve jobs. The NOHFC must be preserved and enhanced. Tourism destination projects should continue to be eligible, as tourism is one sector that remains untapped.

NOHFC programs should be expanded to include private sector funding in instances of economic diversification in primary industry as well as tourism. We should qualify here: We don't think that private sector funding should be eligible to compete with existing businesses; for example, another plywood or particleboard plant in northern Ontario. You see quite a few going down; they're badly struggling right now. We're saying that for new business, new value-added products, it might be a good idea.

Provincial realignment of services: Restructuring and realignment of the provincial-municipal services exercise implemented by the previous government is now a source of uncontrollable cost increases. This is not meant to criticize, but it's just a reality right now. For example, in policing services, the recent collective agreement renewal will result in cost increases to the town of some \$320,000 in 2004 and 2005 alone, as far as its contract obligations go, and the town had no say in the negotiations. Land ambulance, social housing and welfare services are also expected to cause substantial increases.

With the persistent experience of downsizing and job elimination in northern Ontario's resource-based industries, the possibility for an increase in tax revenue is very remote. I believe there's no way we can think of a tax increase in Hearst in 2004 and possibly for years to come, and assessment is likely to go down, not up.

The province will need to implement measures to exert control over health and social services, or local governments will have great difficulty in maintaining the range and quality of core services.

The province was always clear that the realignment of services would be revenue neutral. The year-end reconciliation exercise for the community reinvestment fund allocations to municipalities is critical, or significant erosion of the local tax base will be experienced.

In conclusion, northern Ontario is obviously hurting, and the government needs to be attentive and play a constructive role to address the unique and pressing issues being faced. Youth out-migration is already becoming an evident consequence. The layoffs in Hearst are, in the vast majority, our youth—youth that Roger and I were coaching in hockey—

Mr Bisson: Your youth?

Mr Laflamme: Yes. We see these kids—I'm a Hearst native, and Roger is from the area. We've known these kids since they were five or six years old. Those are the kids who might be leaving Hearst. I think we all agree that our younger generation is the best insurance toward economic prosperity, and now is the time to take control of our destiny. However, a team approach is essential, and the province is a key player. Thank you.

The Chair: We have two minutes per party, and we'll begin with the NDP.

Mr Prue: The Liberals campaigned on a platform of two cents of the gas tax going to the municipalities. How would you use your two cents? How would you use this money? This might be hundreds of thousands of dollars. Do you use it for transportation, roads?

Mr Laflamme: I think what was talked about was renewal of the infrastructure. Economic development is another area. We've got to do something with economic development. We've got to attract new business; we've got to preserve existing business. We're already doing something, but I think we have to do more.

One thing we've been very careful with is maintaining control over operating expenses as far as we can—the concern is regional boards. But I believe new money would go toward these two areas.

Mr Prue: This government has found itself in a deficit position, maybe through no fault of their own, but there they are: \$5.6 billion. They are now talking about potentially going back on many of the promises they've made. If they don't have the two cents to give to the municipalities, would you favour putting an additional two cents on the gas tax in order that your municipality might see some of that money?

Mr Sigouin: I think that's going to be pretty hard to swallow in the north.

Mr Bisson: Only if it's not suggested by the mayor of Hearst.

Mr Sigouin: Yes. Like we were saying in the document here, the truckers have a hard time to survive. If we put another two cents on, I won't be there for long.

Mr Bisson: And he was acclaimed.

Mr Orazietti: Thank you for your presentation today. I have a couple of questions for you. Are there any poten-

tial opportunities for cogeneration development to reduce energy costs in some of the mills?

I'd like your feedback on the northern Ontario tax incentive zone. I guess where I'm coming from, being a member from Sault Ste Marie, is that we include areas like Parry Sound and Muskoka and look at their proximity to southern Ontario. If we had a consistent or equitable tax break for businesses to try to bring business to the north, why would a business come to Hearst or Timmins if the same incentive were given to a business much closer to southern Ontario? Why would they move that distance? The tax incentive zone program right now is under review at the Ministry of Finance, and I'd like to know from you if you have any suggestions as to how to amend that program. What suggestions might you put on the table here today to make that program work more effectively for you?

Mr Laflamme: First of all, we do have a cogeneration plant in Hearst. It was developed about six or seven years ago. But it is a good point that you bring up, because it's not interconnected with the transmission of power in Hearst. The reliability of power in Hearst is not very good. Columbia suffers greatly when you have power outages. They go down, and to get back into operation might take them two, three or four hours. That down time hurts profitability a lot. So hydro is one area that should definitely be addressed.

As far as tax incentive zones are concerned, we were under the impression they would mainly be for more isolated areas that are already struggling because of disadvantages due to distances and transportation. I know it would help tremendously in Hearst. We're talking to potential investors, entrepreneurs. There's a possibility right now, but issues that come up are natural gas, hydro and transportation. As I said in my presentation, if there was a restructuring of corporate taxation, that would help. On the tax incentive zones, I think the municipalities are willing to do their share.

1140

Mr O'Toole: Thank you very much for your presentation and for bringing a real face to the difficult choices you as a mayor and an administrator have to make. I think you summed it up very well—and for the province, really, it's just a bigger number. When your revenue or income is on the decline, you really have two choices: You have to increase taxes or reduce services. You couldn't have said it more clearly in your presentation. These are very difficult things to have to do. When you look at it in a policy sense, by tinkering with the tax rate on certain property classes, you can actually cause worse problems by raising the tax on the pulp and paper. They're liable to move or close. That's the delicate balance, whether it's at the provincial level, the federal level or the local level.

I just want to ask for your comment on the CRF, the community reinvestment fund. In my community I looked at it, the same as you, as a local councillor for a long time, and I saw this whole thing. You never heard anything but this whole downloading thing. But there

were a number of formulas where the community reinvestment fund and the local services realignment calculation did end up revenue neutral at the end of the day, provided you weren't raising your operating costs. I just comment on that, because you know the press love the story, the downloading of all the stuff. Downloading is like water. In housing it's federal, provincial and municipal, and it's finally gone all downhill. It's at your level now. Any comment on CRF?

Mr Laflamme: True, it was revenue-neutral. We've had our recent schedule for reconciliation of the formula and the various services included in the realignment of services. There has been an adjustment for 2002-03 recognizing adjustment in costs. One of the things in the communication to municipalities is that there's no guarantee that formula will continue for 2004 and ongoing years and that there will be a review of the CRF formula. Right now I think the formula is fair.

Mr O'Toole: I guess that's important going into the budget.

The Chair: Thank you for your presentation this morning.

TIMMINS AND DISTRICT LABOUR COUNCIL

The Chair: I call on the Timmins and District Labour Council, please. Good morning, gentlemen. I would ask you to identify yourself for the purposes of Hansard.

Mr John Berry: Good morning, members of the standing committee on finance and economic affairs. My name is John Berry. I'm president of the Timmins and District Labour Council.

Mr Joe Godin: Joe Godin, treasurer of the Timmins and District Labour Council.

Mr Ben Lefebvre: I'm Ben Lefebvre, vice president of the council.

Mr Berry: First we would like to thank you for the opportunity for the Timmins and District Labour Council to do a presentation for you here today, and to thank you for coming to Timmins.

The Timmins and District Labour Council represents a variety of unions and affiliated community groups; to name a few, the Ontario Public Service Employees Union, the Canadian Auto Workers, the United Steelworkers of America, the Canadian Union of Public Employees, the Ontario Secondary School Teachers' Federation, the Ontario English Catholic Teachers Association and others. The council is also involved in several aspects of the community, including the board of referees for employment insurance, the board of governors for Northern College, the Far Northeast Training Board and the Northeastern Ontario Health Coalition.

We are volunteers, workers and citizens within the community of Timmins, and we believe in our community. The Labour Council has developed a motto that we live by. We believe in building a stronger community together, a community where no one needs to stand alone. Caring community activists are here before you

today to present a variety of issues that impact our community. Some we have heard, and more presentations are to be heard this afternoon.

I am not going to sit here before you today, and pretend that I know all the issues. I would like to leave the opportunity with those who know their programs the best: the presenters. We are here today to participate in what we hope will be a truly open and full debate about the future of public services in Ontario. That debate cannot happen without looking at both revenue and expenditure. To date, the debate has been restricted by the government's insistence that it would not raise taxes.

Public services in Ontario are in desperate need of rebuilding. More cuts are simply not possible. The people of Ontario understand this. The people of Ontario know they may have to pay higher taxes that will support better public services.

We are not prepared to base our submissions today on the assumption that the people of Ontario are not prepared to pay taxes to pay for better public services. We are not prepared to base our submissions today on the assumption that every dollar more that we succeed in getting for public services in Timmins means a dollar less for services in some other community.

Regarding revenue generation, deficit and taxes, we believe the people of this province value public services and are prepared to pay for them. That was the change they chose last October. The people of Ontario voted for an end to cuts and new investments of \$5.9 billion towards service renewal.

If the government persists in its stated goals of eliminating the deficit next year and not raising taxes, it will not be able to deliver on its promises to renew services. It simply will not add up. The previous government reduced our ability to pay for public services by nearly \$14 billion in annual revenue. Recovering as little as 25% of that amount would enable the government to deliver the service renewal it promised and balance the budget in the last year of its term in office. It can be done, the public would support it and it would put this province on the road toward a more healthy system of public services.

We urge you to consider ideas for revenue recovery that would enable the government to deliver on its promises to renew public services. We are not going to pretend this is easy, and you're not going to hear from us that we can rebuild public services by getting someone else to pay. Everyone in this province benefits from high-quality public services, and we believe that everyone in this province is prepared to pay their fair share.

The Ontario Alternative Budget has put forward a plan to raise an additional \$3.5 billion a year by maximizing the revenue we get from our current tax system by closing tax loopholes and tightening up tax enforcement, and by recovering a portion of the revenue forgone in the eight years of Harris-Eves government income tax cuts. The Ontario Alternative Budget estimates that an increase of only 2% in tax rates across the board would generate an additional \$1.25 billion in personal income

taxes and \$200 million in corporate taxes. This would recover approximately 10% of the revenue forgone through tax cuts.

Closing loopholes in the corporate income tax and the employer health tax would generate almost \$2 billion more. Following up on studies by the provincial auditor on tax administration, the Ontario Alternative Budget estimates that revenue from all taxes could be increased by at least 1% through better administration.

If everybody pays a modest amount—if everybody pays their fair share—we could be on the road to recovery. Of course, no one would suggest that taxes be increased just for the sake of increasing taxes. The whole point of what we have to say today is to get away from the idea promoted by the previous government that taxes are a burden that is imposed on us for no reason. We pay taxes to buy public services, or to put it in the more eloquent terms of the American Justice Oliver Wendell Holmes, we pay taxes to buy civilization.

The case for increasing Ontario's revenue must be rooted in the need to renew our public services. We're here to talk to you about what that means in the City of Timmins.

Let's talk about health care. It's easy when you're talking about the billions we spend on health care to lose track of what it actually means to people. Brother Ben Lefebvre and sister Sue Ryckman, co-chairs of the Northeastern Ontario Health Coalition, are here today to present to you the impacts to the health care system across the province and within the community of Timmins. We'll hear their presentation around 3:40 this afternoon.

Under Canada's medicare system, hospitals and hospital services are paid for from the public purse regardless of their financing and ownership regimes. In our publicly funded health care system, the real question is not who pays but rather how much, and there is simply no justification for paying the additional costs associated with the so-called public-private partnership, or P3, model. It has been estimated that such private models can be expected to cost at least 10% more than their public sector equivalents. So in addition to the evidence from other experiments that suggests P3 hospitals would include a deterioration of hospital services and diminished accountability, Ontario simply cannot afford a private health care system.

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On education, people talk in the abstract about the billions involved province-wide in implementing the recommendations of the Rozanski report on education funding. The impacts on the community of Timmins will be presented to you today by the Elementary Teachers' Federation of Ontario, North East; the Association des enseignantes et des enseignants franco-ontariens, nordest catholique; Sudbury Catholic District School Board; and Northern College. According to the widely accepted analysis of education funding in Ontario conducted by the Canadian Centre for Policy Alternatives, what it means to this community, again, will be presented to you by our education specialists presenting today.

On social services, in 1995 we had a thriving program that was building thousands of new affordable housing units every year. Since then, there has literally not been a single affordable housing unit built in the entire province. In 1995, the province cut social assistance benefits by 22% and froze them. Think about that. How do you think you would survive if someone cut your income by 22% and then froze it for eight years?

We have fewer child care spaces in Ontario today than we had in 1995. What that means in the city of Timmins is that our food bank is busier than ever; we have homeless people living in the street; working people are struggling to cope with stress to survive while working multiple jobs and little or no support in the form of child care.

Time and time again, the previous government refused to respond to pressure for better public services; instead, dumping responsibility down to local governments. The result is that local public services are suffering everywhere in Ontario. There is more to do and less money to do it with. Everyone sees that every day because local public services are the most immediate and the most visible public services we have.

There has to be a new deal for local governments, especially for our biggest cities. Today, our big cities are the engines of our economic growth. We ignore them. We allow them to decline at our peril, but that's exactly what has been happening.

The role of government needs to change: Finally, we would like to talk about the need to renew Ontario's ability to regulate in the public interest. New governments often want to change or re-invent the way things are done. This is understandable, but deregulation and privatization is not the kind of change the people of Ontario voted for or want.

We don't want or need the high-profile events like Walkerton, the epidemic of deaths among young workers; the crisis of quality in long-term care; the increasing encroachment of for-profit hospitals into our health care system; the weaknesses in our health protection system as exposed by the SARS outbreak; the growing number of smog alert days in the summer; the closure of public beaches; and the serious problems in our education system. Every one of these headline stories stands as a symbol for countless other stories of failure to regulate and protect the public interest.

The previous government turned this province into a happy hunting ground for those who seek to enrich themselves, for private interests at the expense of the public interest. It has to stop.

It is our view that the people of Ontario do not want to sell off public services to enrich private interests. We do not agree with selling hydro, selling the LCBO, de-listing services such as hearing aids, destroying the universality of seniors benefits, selling TVOntario or attacking public sector workers under the guise of re-inventing government.

Conclusion: The damage caused by Ontario's antigovernment agenda since 1995 is not going to go away overnight. It took the Harris-Eves regime eight long years to bring public services in this province to their current state. But we feel strongly that the current government must follow through on the first steps towards services renewal that it promised in its election platform. That will only be possible if the government shows courage and demonstrates faith in the good will and good sense of the people of this province.

We know that Ontario's public services need substantial investment. We know that the province's fiscal position is weak, undermined by years of ill-advised tax cuts—tax cuts that we did not want nor could we afford. We know that the government cannot deliver on the public services renewal we so badly need without increasing revenue. Indeed, Ontario faces a revenue problem, not a spending problem. Don't let the rightwing agenda of the Canadian taxpayers association take precedence over your promise to the people of Ontario.

We are prepared to do our part. The stakes couldn't be higher. If the Liberal government persists in its pledge to not increase taxes, it will be making public services renewal impossible. At the end of its term in office, its only accomplishment will be to have cleaned up the fiscal mess created by the Tories, just in time for the Tories to be re-elected to start the process all over again.

We need a real debate about Ontario's future, a debate that puts everything on the table. It's time to start hoping again. It's time to reinvest in Ontario.

Something that's not in the handout: We'd like to plant a seed of thought. People are our number one resource—youth, elderly, working, unemployed, homeless, disabled. The almighty dollar should not supersede our number one resource. Recreation should not be restricted to those who can afford it. Education should not be restricted to those who can afford it. Health care should be restricted to those who can afford it. We are the people. We care, or we would not be here today.

Thank you for the opportunity to participate.

The Chair: Thank you. We have two minutes per caucus. We'll begin with the government.

Mr Peterson: Thanks for presenting to us. Forestry is a huge industry here in northern Ontario, and so is mining. I'm a parliamentary assistant in Tourism and Recreation, the second-largest industry in Ontario. We're trying to develop more of a northern perspective on it. The emotional heartland of Ontario really is north of Muskoka in terms of the great wilderness, the great tracks of land, and the great resources we have here. I'm just wondering how your organizations can help us do more to get the tourism and service industries going here, as we have less reliance on—from a presentation this morning—forestry and mining.

Mr Berry: I believe a lot of those efforts are being worked on through the Ministry of Natural Resources with the crown lands. There are partnerships being formed and there are continuous, ongoing communications between fish and hunt clubs in smaller communities, as well as larger centres. I'm not 100% sure if that answers your question of our role, but having OPSEU,

which is OPS workers—the ministries fall under their wing and MNR is one of them; the Labour Council as well

The Chair: I didn't mean to interrupt you, but the questioning is over for the government. We'll move to the official opposition.

Mr O'Toole: Thank you for your presentation. I enjoyed meeting and chatting with you last night in a more positive situation.

I do commend the detailed presentation. We have heard some of it before. In fact, I think you've nailed it. When you talked about the contradiction when they signed the no-tax-increase pledge—it's their nemesis. Hugh Mackenzie made a great presentation on day one in Toronto, and you should get a copy. I think you have a copy of his presentation. It's the alternative budget. He's a very competent guy. We are just going the same place in different vehicles, really.

He said they knew all along in their campaign about the money. Gerry Phillips knew, everybody knew there was a problem, a bump in the road—SARS, West Nile, blackout. All that stuff has an economic penalty. Yet they went right ahead and promised about \$6 billion in promises. So there's a huge challenge.

I put to you that if you look at the government—we actually reduced taxes and increased revenue. It's about \$16 billion more. We never spent more; in fact we have a spending problem. Here's the key: Some 85% of all the spending is wages and benefits to the transfer partners. I have no problem with indexing some sort of formula for increasing your pay; I have no problem with that. I think you work for natural resources—

Mr Bisson: Just like MPPs.

Mr O'Toole: No, wait. But if the economy tanks, it's a loss of about \$700 million for every point the GDP goes down. If it goes down and you lose \$1 billion, and people are—I'm a person too.

The Chair: State your question, please.

Mr O'Toole: My question is, would you be prepared to be part of the solution going forward? What if there is a serious problem? Without reducing services, we just take a general cut. The NDP tried it. It was called the social contract. The reason that Bob Rae did it is because there is no choice. It's payroll. That's the deal. That's how it works—85% of all the spending is payroll.

1200

Mr Berry: I guess in response to that question, I'd like to make reference to London yesterday. There was a hearing. The president of OPSEU, Leah Casselman, made some references—

Mr O'Toole: That was last week. I have a copy of that.

The Chair: Mr O'Toole, let the presenter continue, please.

Mr Berry: —to collecting unpaid corporate taxes, closing corporate tax loopholes, having more tax auditors, reducing the use of high-priced consultants in the Ontario public service.

Mr O'Toole: Bill Farlinger. So they hired Erik Peters. Erik Peters was a consultant.

Mr Berry: Those are areas where you can reduce, and increase revenues without impacting further cuts within the Ontario public service. I am a public service employee. I am also a president of 11 different ministries and I see the stress on people's faces every day. I see the workload on their desks. I see the inefficiencies that have been created through the six years of this government that just passed.

Mr O'Toole: Two out of eight wasn't bad.

Mr Berry: I stand to be corrected—eight years.

The Chair: We'll move to the NDP.

Mr Bisson: Very quickly for me—and my good colleague Mike has a question—I'm just saying, John, you're in the opposition now. You've got to woo support, not push it away.

Mr Prue: We have heard a great deal today, and we all know it's true, of the economic difficulties of northern Ontario. We know that people are leaving the north in great numbers. In fact, if you see the recent redistribution of federal ridings, northern Ontario loses one. That's the equivalent of about 100,000 people.

I appreciate everything you have said today. Is it your belief—and you know the northern people best—that they can afford increased taxation? I know we hear this in the south, but I'm also mindful that the north has its own economic problems and increasing taxation may exacerbate them. So I want to be very clear that you're in the same sort of head space.

Mr Berry: Nobody wants to see a tax increase. I think everybody wants to do their fair share. As far as northern Ontario goes, through the far northeast training board, there have been statistics that show youth migration. So there is a lot of the youth leaving northern Ontario. Part of the problem, and we see it through the labour council, is a job shortage. I see retired people who have a job. Why? They can't keep up with the cost of living with their retirement. I see students who have three jobs. Some of them are overeducated. They could be university students waiting on tables or pumping gas. Why? Because there are not enough jobs.

Those are all impacts in the north, and people will go to try and find job security. Job security is another thing that seems to be a thing of the past. People need job security to get started in life, especially your youth. So there are several different things that impact northern Ontario as well as southern Ontario.

To answer the question with respect to the tax increase, nobody wants to see it, but I think people do want to see the deficit reduced and they do want to see quality public services.

Mr Prue: And they do want to see their towns and cities survive in the north.

Mr Berry: Yes, they do, and the downsizing through the Association of Municipalities of Ontario since 1995 or earlier is starting to have big impacts. The almighty dollar rules.

The Chair: Thank you for your presentation this morning. This meeting is recessed until 1 o'clock.

The committee recessed from 1204 to 1302.

The Chair: The standing committee on finance and economic affairs will come to order.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

The Chair: I call on the Sudbury Catholic District School Board.

Good afternoon. You have 20 minutes for your presentation. You may leave time within those 20 minutes for questions if you so desire. I would ask you to state your name for our recording, Hansard.

Mr Hugh Lee: My name is Hugh Lee. I'm the acting associate director of corporate services and treasurer of the board for the Sudbury Catholic District School Board.

I had a presentation to project today to complement what I was going to say but I guess we won't have a projector, so I'll just proceed. I apologize for that.

On behalf of the Sudbury Catholic District School Board, I'd like to thank you for this opportunity to make a presentation to your standing committee on finance and economic affairs as part of the pre-budget consultation.

The jurisdiction of the Sudbury Catholic District School Board is centred on the city of greater Sudbury and encompasses the surrounding areas of Markstay, Coniston and Garson to the west, Capreol, Val Caron, Val Therese, Blezard Valley to the north, Levack, Onaping, Chelmsford, Lively and Copper Cliff to the east, and Killarney and the French River area to the south.

The Sudbury Catholic District School Board has a total enrolment of 7,469 students, 5,286 of them elementary and 2,183 secondary. These students receive their education in 21 elementary and four secondary schools. The elementary panel consists of a mix of JK to 6, JK to 8, one 7 and 8 school, and we have four high schools offering programming in both English and French immersion.

The board employs 973 staff, consisting of 550 elementary and secondary school teachers, 20 continuing education staff, 37 principals and vice-principals, 34 school secretaries, 53 educational assistants, 100 custodial and maintenance staff, 25 central administration, supervisory, curriculum, special education and paraprofessional staff, and we also have 30 central clerical staff and 124 lunchroom supervisors. These employees are represented by four collective bargaining units: OECTA elementary, OECTA secondary, OECTA occasional and CUPE, one principals' association and one non-union employee group.

Not unlike several boards across the province, and particularly in the north, the Sudbury Catholic District School Board is experiencing declining enrolment. Elementary enrolment has declined from 6,401 students in September 1992 to 5,286 students as of October 31,

2003, a decline of 1,115 students. This trend is projected to continue.

Support for the current educational funding model: The Sudbury Catholic District School Board would first like to express its support for the current educational funding model. The Sudbury Catholic District School Board sees the funding model and the basic principles and structures upon which it is built as fundamentally sound and workable. The board echoes the position of the Ontario Catholic School Trustees' Association and our partner Catholic boards on this matter. Their position is that the foundation of equity for all children, upon which the funding model is built, now a legal requirement under the Education Act, must be maintained. The fundamental structure of the current funding model, which guaranteed fairness, remains sound and must be continued.

Questions of adequacy and review: While the Sudbury Catholic District School Board supports the basic structures and principles of the education funding model, the question of adequacy still remains as the central issue which needs to be addressed. It is critical that the benchmarks in the model are aligned to accommodate inflationary pressures with which school boards must contend.

Our first recommendation is that in support of this objective, there is a need for a mechanism to review the components of the educational funding formula on a regular, ongoing basis to ensure it remains responsive to changing educational needs and boards' real costs. The Sudbury Catholic District School Board urges the government to implement the recommendation of Dr Rozanski and the Education Equality Task Force that regular costing reviews are required to ensure that funding is maintained at a level that will allow boards to meet the province's education objectives. The Ministry of Education, in consultation with school boards and other members of the education community, needs to develop mechanisms for annually reviewing and updating benchmarks in the funding formula and for conducting a more comprehensive overall review of the funding formula every five years.

Limitations of annual funding and planning horizon: Another key concern we and all school boards across the province have is the manner in which revenue has been made available to school boards under the model, and that is on an annual basis. School boards require multiyear grant forecasts in order to engage in effective longrange planning and to effectively negotiate long-term, three-year collective agreements with their employee bargaining units. Boards need to know in advance, and with certainty, the level of their allocations in order to negotiate reasonable and responsible collective agreements with their employees. This is especially critical in light of the fact that for the first time this year, all school boards across the province will be in a position of having to simultaneously negotiate their collective agreements with all of their teacher groups.

Second recommendation: The Sudbury Catholic District School Board was encouraged by the direction of

the previous government to move to multi-year funding for school boards and urges this government to continue to move in that direction. Reliable multi-year grant forecasts, coupled with adequate resources, will enable boards to engage in effective long-term planning and will afford increased spending flexibility.

We'd like to acknowledge the work of the Education Equality Task Force and the response of the government. Dr Mordechai Rozanski's Education Equality Task Force recommendations came forward in December 2002. The board was encouraged by the response of the government to many of those recommendations and urges this government to continue its support for many of the initiatives that emerged and many of the recommendations of the Rozanski report which have yet to be addressed.

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The government's response to increase the salary benchmarks by 3% for both the 2002-03 and 2003-04 fiscal years was encouraging, along with the increase of an additional \$22 million in 2003-04 for textbooks, learning materials, classroom computers and supplies, as part of a new annual funding amount for the next two years to \$66 million over three years. The increase to the SEPPA grant benchmarks and increase in ISA funding was also encouraging and supported by this board. Funding for at-risk students, literacy, and small and remote schools under the rural education strategy showed some recognition of the problems with which northern and rural boards must cope. Additionally, the extension of the declining enrolment adjustment from two to three years to provide boards with more time to adjust to a reduced cost structure and was welcomed and needed. The increase to the transportation grant of 3.32% responded to some of the cost pressures operators are experiencing, but represented only half of the benchmark update recommended by the Rozanski Education Equality Task Force. These are positive directions, but the question of adequacy still remains.

While the recommendations of the report and the government's response for the 2002-03 and 2003-04 fiscal years were encouraging, there is still considerable work to be done to address the central problems of adequacy in the educational funding model. The following are areas of primary concern for the Sudbury Catholic District School Board.

The critical issue for us is school renewal. According to Dr Rozanski, the current stock of schools in Ontario is in significant need of repair and renovation or replacement. It is estimated that over \$5.8 billion is required to raise the existing stock of schools in the province, valued at approximately \$28 billion, to acceptable standards. Boards across the province are facing an estimated \$5.8-billion backlog of deferred maintenance and this is continuing to grow at an exponential rate.

Some school boards have more need for school renewal dollars than others. Previously, assessment-poor boards, because of lack of funds, deferred needed maintenance in order to provide classroom programs. The Sudbury Catholic District School Board is one of

these boards. We are growing increasingly concerned about our ability to maintain our aging stock of school facilities at even present levels of repair within the current funding allocations. Our schools have an average age of 42 years and have higher maintenance and facility renewal requirements than newer buildings.

Recognizing this problem, the Ministry of Education began working with school boards in 2002-03 under the real estate capital asset priority planning initiative to assess school repair needs in an objective and systematic fashion. Under this program, qualified building professionals inspected every school in the province to provide data with which to evaluate the full extent of the deferred maintenance problem. This work has just been completed in December.

There are two key school renewal issues. The first is related to deferred maintenance or the backlog of repairs needed by schools that have accumulated over an extended period of time. The Sudbury Catholic District School Board estimates that it has its own deferred maintenance cost, built up over years of under funding, of \$28 million.

In his report, Dr Mordechai Rozanski made the following recommendation to address the deferred maintenance problem of school boards: "The Ministry of Education allocate a new strategic investment of \$200 million annually to a 'deferred maintenance amortization fund,' which would fund the principal and interest costs of school boards' payments to service the debts boards would incur in borrowing funds so that they could begin to address their deferred maintenance needs. The annual allocation of \$200 million would be a 'deferred maintenance amortization fund,' which I estimate that boards could use to leverage \$2 billion worth of financing for renewal work. Such an amortization fund could significantly reduce the deferred maintenance problem faced by school boards."

He further commented: "The Ontario School Board Financing Corp and the Ontario Financing Authority are discussing ways to secure the capital financing required for boards' deferred maintenance costs through the issuing of debentures." He supports these discussions because "the debenture route would ensure that boards obtain financing under the most favourable terms available in the investment market."

The Sudbury Catholic District School Board strongly endorses this recommendation and urges the government to begin to flow the funds in the amount of \$200 million annually to a deferred maintenance amortization fund immediately for the 2004-05 budget year, and further, that the eligibility for the use of these funds by school boards to leverage financing be guided by the school renewal needs identified under the real estate capital asset priority planning initiative.

The second key school renewal issue relates to the adequacy of annual school renewal grants which exist to address the routine, cyclical requirement to repair and replace items such as roofs, windows, heating and ventilation systems and electrical systems, including

alterations that change the building's use, as well as those that are made to conform to changes in building codes, building standards and meet access requirements. At present, the Ministry of Education allocates \$266 million to school renewal on an asset base of approximately \$28 billion, which amounts to less than 1% of the current facilities' estimated replacement value.

At our board we receive \$1 million a year under the funding model for school renewal, but our estimated costs on an annual basis are \$2 million, thus resulting in a \$1-million shortfall in needed repair work annually. Unattended repairs have a compounding effect on the deterioration of major building components. An old, leaky roof structure will cause damage to the insulation of the roof and wall of a structure as to the membranes of these components, and to the floor structure, creating rotten cavities, mildew, odours and health and safety problems.

Last year, air-quality concerns raised by the staff at one of our elementary schools resulted in the discovery of mould and high concentrations of CO_2 in the school's classrooms. This resulted in the intervention of both the Ministry of Labour and the Ministry of Health and resulted in the issuing of work orders to the board to immediately undertake measures to find and remove the mould and install a new ventilation system. This process became very public, involving the press and even members of the provincial government.

Although health officials acknowledged the board had been doing the appropriate remedial work in undertaking the necessary measures to resolve the issues identified and the school was able to remain open, escalating public concern over potential health concerns left the board with no choice but to vacate the school in late November, relocate the students to a closed secondary school of another board and begin work immediately to identify and remove the mould and install a new ventilation system. This work has just been completed, and airquality testing begins next Monday. Pending the results of the testing, the board hopes to return the students to the school by the end of February.

To date, this event has cost the board approximately \$1.2 million in unbudgeted expenditure and resulted in 44 students permanently leaving the board to enrol in another school system. The financing of these costs will drain existing school renewal resources and thus compound our deferred maintenance problem even more. Because of the high visibility of this event, there is a heightened sensitivity by employees and parents to the air quality in our other schools. Our fear is that a snowballing effect could lead to similar events at other schools. This would put us in an untenable situation.

Our fourth recommendation is that in terms of the annual allocation for school renewal, it is essential that current benchmark renewal costs per square foot be adjusted to reflect current construction and renovation costs and the costs required to comply with current building code requirements. It is also essential that these benchmark renewal costs per square foot be graduated to

recognize the higher costs associated with maintaining older buildings. The deteriorating condition of the 42-year average aged schools of the Sudbury Catholic District School Board has reached a critical point and requires an immediate response from the government on both the deferred maintenance and the annual school renewal allocation components, as we have recommended.

In regard to the elementary school matter I've described, the Sudbury Catholic District School Board feels it is important to note that control over its processes and budget expenditure in this matter were in large part being directed by the Ministries of Labour and Health and not the Ministry of Education. It was these ministries that dictated the hiring of consultants and set out the work to be undertaken. This situation continues as we await the test results on the mould and CO₂ levels in the school. The experience has highlighted to us the importance of, and need for, communication and a coordinated approach between provincial ministries in these types of matters to ensure a fair and equitable process that adheres to accepted standards and is sensitive to, and respects, the system with which it is intervening.

Our fifth recommendation is that the board urges the government to develop a protocol for communication and coordination between ministries in matters such as health and safety and air quality concerns in schools where ministries outside the ministry of education are mandated to intervene.

There are other key areas that need consideration. Special education is one, in terms of adequacy and in terms of the administrative burden. We are concerned that funding for special education continues to be an area of major concern. Almost all Catholic school boards in the province find it necessary to spend more than their current allocations in order to meet the needs of their most challenged students. Despite the government's response to increase adjustments to the SEPPA and ISA funding model in 2003-04, the Sudbury Catholic District School Board still has to draw approximately \$500,000, or 8.6%, of its \$58-million budget to support special education costs, which we're drawing from other lines in our budget.

So our sixth recommendation is that the board encourages the government to consider increasing the support currently being provided for special education.

The next issue in special education is the administrative burden associated with the ISA claims process, which requires boards to submit annual claims that document assessments and diagnoses of students with special needs. This continues to be a problem. The establishment of a permanent baseline for boards' ISA—intensive support allocation—funding and the clarification of ISA criteria will considerably reduce the administrative burden and increase boards' ability to maximize their funding.

Our seventh recommendation is that the board encourages the Ministry of Education and its ISA working group to continue their efforts to reduce the adminis-

trative burden of the process by which boards qualify for ISA funding. It's hoped that an effective mechanism can be developed for assessing the efficient use of special education resources.

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Information communication technology is the next big one—adequacy and direction. ICT is an integral part of the educational curriculum in Ontario schools and a key component in students' ability to achieve success in school. There is a definite need for improvement of ICT systems in the classroom and in board administration at our board. According to Rozanski, this is also the case for most school boards across the province.

There are two key issues in ICT that Sudbury feels the government needs to address. The first relates to adequacy and the second to the need for a direction or vision. In regard to adequacy, the funding formula through the foundation grant and the school board administration and governance grant does not adequately provide for the costs which are required to develop successful ICT strategies: in the academic context, ICT strategies such as providing training for teachers in the effective use of ICT to teach the curriculum and the hiring and managing of technical support staff to assist teachers in undertaking these initiatives; and in the business and administration context, providing for the hardware, software and technical support that are needed to appropriately manage increasingly complex school and board business functions. New investment is required to provide for effective and efficient management at a time when boards find themselves having to cope with additional administrative burdens associated with the introduction of new programming and increased accountability requirements.

The Chair: I'd like to point out that you have two minutes left in your presentation.

Mr Lee: Thank you.

The eighth recommendation is that the board urges the government to recognize the real costs associated with delivering effective ICT strategies and increase the amounts provided in the funding formula for ICT in both the foundation and administration and governance grants.

In regard to direction, the Ontario Knowledge Network for Learning was established in the spring of 2000 to oversee the development of a vision and plan of action for integrating ICT education in Ontario. The education committee is still looking for guidance in this area, and we recommend that the government be urged to respond to the reports that have already been generated by OKNL on this issue.

Other key areas that we'd like to draw to your attention are:

- —Escalating employee benefit, insurance and utility costs:
- —Recognition for our uniquely disadvantaged position of being a northern board in an urban setting, because we struggle to finance administration and support staff for small schools. Because we're in an urban setting, we don't qualify for distance funding but other northern

boards do, which makes it difficult for us to keep those small schools open;

—Funding for Early Years education to offset the current unfunded annual cost of \$1.2 million that we spend annually to provide full-time senior kindergarten at our elementary schools;

—Financial support to allow boards such as ours to cope with the increased administrative burden associated with implementing new initiatives and increased requirements for reporting, accountability and transparency.

There are many other issues that are beyond the scope of this presentation and our time today. Our partners in education—the Ontario Catholic Trustees' Association, the Council of Senior Business Officials, the Council of Directors of Education, the Ontario Catholic School Business Officials' Association and the Ontario Association of School Business Officials—will also, I'm sure, bring many of the other issues to the table.

In summary, the Sudbury Catholic District School Board believes we've made significant progress toward achieving equity in the allocation of funds between school boards. The funding system has also become more accountable to parents and the general public. These are positive developments, but they are in danger of being overshadowed by the inadequate level of funding that the model provides in several key areas. If the quality of education for all our students is to be ensured, and if the unique needs of some of our most challenged students are to be met, the overall amount of funding for education in Ontario's elementary and secondary schools must be increased to recognize legitimate increases in costs.

It is the hope of the Sudbury Catholic District School Board that this presentation has highlighted for you some of the critical funding issues with which the board must currently contend and that require a response from the government in fiscal 2004-05.

Thank you very much for the opportunity to come today and present to you. I hope it wasn't too hurried, but those are the issues we wanted to bring to you today.

The Chair: Thank you for your presentation this afternoon.

NORTHERN COLLEGE

The Chair: I call on Northern College. Good afternoon, gentlemen.

Mr Fred Gibbons: My name is Fred Gibbons. I'm the acting president of Northern College. To my right is the chair of our board of governors, Michael Doody.

Mr Michael Doody: Good afternoon, ladies and gentlemen. Welcome to the north. Bonjour. Bienvenu. Welcome to the city of Timmins. It's a pleasure to have you with us.

I don't have a great deal of verbiage to pass along to you, but just want to give you an overview of Northern College, which, by the way, gets into some 48 communities in the north. We go as far north as Attawapiskat and all the way south to the Haileybury campus, which includes the Haileybury School of Mines.

Ontario's smallest English-language college has developed an impressive ability to stand out and attract students who value personalized education. For the past two years, Northern has achieved a 97% student retention rate, the highest in the college's 37-year history. The success in attracting and keeping students can be attributed to a number of new initiatives at the college, including success centres where learners can obtain immediate academic assistance.

Northern College has also introduced many new programs and innovative ways of delivering them that have proven extremely popular with high school graduates and returning learners. The veterinary technician and paramedic programs are in high demand, and the province's first fast-track architecture and civil engineering technology programs allow students to obtain a technologist's diploma in just two years instead of three.

Emerging as a leader in health and emergency services training, Northern offers paramedic, pre-service fire-fighter education and training, police foundations and a new two-year practical nursing diploma program, as well as a Bachelor of Science nursing degree program in collaboration with Laurentian University.

Natural resources technician is another new program offered at the college's Haileybury campus. In fact, Northern College's geography and regional economic base offers rich opportunities for related training in mining, timber operations and skills.

Northern College's three-year welding engineering technology program, which includes a co-op option, prepares graduates for supervisory positions in fields ranging from consulting to research and development. Other programs of note include mining and instrumentation at the Haileybury School of Mines, which was established in 1912. Representatives of the mining industry in Ontario are presently working with Northern to implement the mining school's new vision: a global network of leaders in mining and related technologies, successful and sustainable in all resource enterprises.

Furthermore, Northern prides itself on its relationship with indigenous peoples. The college's Aboriginal council has helped shape many programs and services, and Northern has been able to maintain a 300% increase in Aboriginal student enrolment, which occurred in just two years.

Northern College has produced a number of highly successful graduates who have gone on to top positions in the fields of business, technology, human services and health sciences at home and abroad, and the board of governors, faculty, support staff and administration are continuing their efforts to ensure that Northern remains a northern educational community network.

May I say in closing, before I pass it over to the acting president, that having been in municipal politics for over 30 years, I know that the simple answer to our problems would be a bigger cheque. Let me say very honestly, as someone who didn't have the opportunity to finish high school, I didn't realize that some day I'd end up being chairman of the board of governors of a college. But with

now four years' experience in the college system, I can tell you very truthfully that every student who graduates from a college, whether it be a high school student or someone who has come back, is someone who is going to a potential job. We are an economic engine, and certainly for this huge area of northern Ontario we are a huge economic engine.

I would like to say in closing that one of the things this committee could take back is that I certainly believe there needs to be a new model of funding, certainly for colleges that are in the built-up areas, whether it's in the city or in a large town or a large community. There should also be a funding formula that takes in colleges in rural areas. But certainly the north needs a new deal. I'm sure the president will tell you that although we've turned things around over the last three years at Northern College, we're being penalized in funding for being successful, and that should not be the case.

I'll pass it over now to acting president Mr Gibbons.

Mr Gibbons: Thank you, Michael, and thank you very much for the opportunity to address you. I will be talking for the most part about a proposal that was submitted to the Ministry of Training, Colleges and Universities on January 16. It's a multi-year funding proposal. This is an approach we've taken for the last three years in identifying the funding requirements of the Ontario college system to our parent ministry.

It is budget time again in Ontario, and our new provincial government finds itself moving head-on into the oncoming headlights of a deficit. In times like these, governments have to differentiate between requests that will drain the public treasury further and those that will add to its capacity to meet the ever-increasing costs it faces. We are confident, however, that this government will not respond to every request for funding with the mantra, "There is no money," but will recognize the opportunities for smart investment.

By looking at community colleges as a cost centre, every government in the past 15 years has decreased its investment to the point where the colleges' capacity to operate effectively as instruments of economic activity is in jeopardy. We cannot continue to provide high-quality career education when we receive \$4,700 per student from our provincial government, in contrast to the national average of \$6,800, or in contrast to the \$7,300 allocated to secondary school student funding or the \$6,300 allocated per university student.

Ontario cannot remain competitive when its community colleges receive the lowest funding support in the country and, by comparison, only 74% of the funding received by colleges in the neighbouring US states. Yet according to Statistics Canada, since the mid-70s the number of jobs requiring high school education has dropped, those requiring university preparation have doubled and those requiring college education have actually tripled.

The public has recognized this shift, but isn't aware of some very dramatic statistics. Enrolment in the provincial college system has grown by 49% in 15 years, to about 500,000 full-time and part-time students, but the Ontario government is investing 44% less than it did in constant dollars for that same period, the last 15 years.

Some would say this is a model of efficiency. But at what cost? To maintain their programs, colleges have deferred maintenance on their buildings. Approximately \$300 million of deferred maintenance was outstanding at the end of 2002-03, and it's expected to increase to \$600 million by 2005-06. Colleges have been unable to invest adequately in classroom resources, professors and equipment. Escalating utility costs and collective agreement obligations bring new costs to the colleges without any offsetting funding from the province. The effect is to further erode an already insufficient operating budget and operating grant.

On January 16, 2004, Ontario's community colleges presented the government with a four-year investment plan entitled Investing in Ontario's Workforce: Strong Colleges for a Strong Ontario. This was produced by the Association of Colleges of Applied Arts and Technology of Ontario, requesting funding increases of approximately \$90 million a year for four years and bringing the per student funding level from \$4,700 today to \$6,300 by 2007-08. Copies of the multi-year investment proposal are available through the association's Web site, as noted. In your package, there is an executive summary. At \$6,300, our objective by 2007-08, this funding level would still be \$500 below today's national average college funding level.

This is not the way to keep our economy competitive. Ontario's productivity is directly related to healthy investment in its colleges. Is there a return on the investment of public tax dollars? Indeed there is. A report by CCbenefits, Inc, commissioned by the Association of Colleges of Applied Arts and Technology, reveals that Ontario's colleges are economic engines that are a uniquely attractive investment for provincial governments, and not a drain on public coffers.

Their analysis says:

—Ontario's colleges provide an average annual rate of return of approximately 12% on taxpayer investment measured in terms of increased revenues and cost savings.

—All government investment in colleges is recovered in less than 11 years.

—Annual earnings in the Ontario economy are \$11.4 billion greater every year than they would otherwise have been as a result of the past and present operations of Ontario colleges.

Incredibly, these are very conservative figures that look only at the impact of government-funded work by the colleges.

The full text of this report, entitled The Socioeconomic Benefits Generated by 24 Colleges of Applied Arts and Technology in Ontario, is also available through the ACAATO Web site. Again, an executive summary is contained in your package.

In order for Ontario's community colleges to carry out their respective mandates and missions, Northern College is asking the government to take a close look at how it funds the college system, both in its base grant formula and in its special initiative funding envelopes that arise from time to time, such as the Access to Opportunities Program or the quality assurance fund. It will soon become apparent that the current funding structure is rewarding the large urban colleges located in areas of high industrial and technical growth and development while penalizing small rural colleges, particularly those in the north where the economy is based on a declining resource-based industry.

I'd like to put a slant on some of the information that was provided in the provincial report and talk about the context as it relates to Northern College now.

In fact, as industry declines, we see a corresponding decline in the population and economy of northern Ontario. As we see small northern Ontario communities struggling to survive, the college becomes an even more significant factor and partner in the economic development of northern Ontario.

Northern College believes that the formula used to fund community colleges should be changed to reflect the differing needs of the differing institutions. We are no longer a college system; we are a system with different types of institutions, all with different needs. The small and northern/rural colleges should have a different formula that reflects their needs and the needs of the communities they serve.

The current formula rewards growth in colleges by increasing their market share of the total grant dollars available for distribution. Unless all colleges grow at the same rate, there will be winners and there will be losers. The winners are the larger GTA colleges that are advantaged by this system of distribution, not only pertaining to the general purpose operating grant but also all of the other grants that are distributed based on a college's proportion of the total full-time equivalent funding units—for example, the quality assurance fund and the accessibility fund. The losers are northern and rural colleges that, due to economic and demographic factors, are not growing at the same rate as the GTA colleges.

The enrolment target agreements that are being developed at the request of the province could be a tool for a differentiated funding model, with funding being distributed at an established per-student amount. This per-student amount should also be tiered based on average class size. The current funding amount is based on a class size of 25. Many of the smaller and remote colleges experience average class sizes much smaller than 25 yet are still bound by the same fixed costs required to provide quality education and training to our students.

However, we need to see elements added to any new funding formula that reflect that all the colleges have different visions, missions and mandates. We need to recognize that an area of the province that is experiencing economic challenges, a downturn of resource-based industry and out-migration of youth and population in general cannot compete with areas of the province that

are experiencing economic, industrial and population growth.

The current formula responds differently based on how much and how quickly you grow. You could experience incredible growth for your college and still have decreased funding. As Chair Doody mentioned in his opening remarks, Northern College has grown in the last three consecutive years: 23% in the first year, 4% in the second year and 3% in the third year. The 23% growth led the province. We are a small institution with a small enrolment, so numbers are relative, for sure. Even with that kind of growth, in the current economy, in the context of northern Ontario, the net result is, we receive less operating money because we did not grow as fast as the other colleges in Ontario.

The current formula responds very quickly when enrolment declines—too quickly. Not only does market share decrease if a small college's enrolment is not increasing as quickly as other colleges are, the additional market share reduction is devastating if your enrolment is actually shrinking.

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We think the whole college funding mechanism should be revamped and separated into sections relating to geography and size. Northern colleges cannot compete with the GTA colleges and should not have to. There must be a recognition of the niche that each college fills in our communities and our regions.

Northern College is convinced that this government values post-secondary education and is as committed to equipping young people for the future as it is to balancing the budget and remaining fiscally accountable. It is hoped that the government also values and respects the college's ability to find northern solutions for northern challenges. It is a fact that solutions mandated from the south do not always reflect the economic, geographic, demographic or political realities of the north. Colleges in the north have collaborated on many fronts for several years. As we all find ourselves in the same fiscal difficulty, it is important for us to look to our individual regions for solutions while reaching out to the rest of the province for assistance as required.

Ontario's community colleges are chronically underfunded after more than one and a half decades of neglect. For Ontario's sake, this situation must end. The present deficit situation of the province demands intelligent spending of every tax dollar. However, increased funding for Ontario's colleges is a smart investment, not only now but in the future, yielding both strong monetary and social returns. Given Ontario's deficit and given the compelling results of this independent study by CCbenefits, how can any government afford to ignore an investment that will give them a 12% return on its investment annually?

Thank you for your time and consideration.

The Chair: We have time for only one question, about two minutes in length. This will go to the official opposition. You have two minutes.

Mr Norm Miller (Parry Sound-Muskoka): Thank you for your presentation. It was very interesting.

Certainly, I agree that investing in community colleges is money well spent. In my riding of Parry Sound-Muskoka, we are served by Georgian College, and I have met with Brian Tamblyn, the president of Georgian.

I do have a question about tuition. Is tuition currently frozen for community colleges as it is for universities?

Mr Gibbons: Tuition is frozen, just as it is for universities, and tuition has also been capped for the last four years.

Mr Miller: What is an average tuition at your college?

Mr Gibbons: Basic tuition at the college is about \$1,800 for a two-semester program. Added to that, a student would pay various ancillary fees which vary from college to college. Ancillary fees include things like student administrative council fees, locker fees, that type of

Mr Miller: When you're struggling for money, as you are when you're showing that you're funded at \$1,800, does it make sense to have frozen tuitions?

Mr Gibbons: Not at the same time that you're asking for additional monies. It compounds the problem for government.

Mr Miller: It seems to me that \$1,800, or \$3,600 for the year, I assume, per student—

Mr Gibbons: No, it's \$1,800 for the year. Mr Miller: OK. That's pretty good value.

Mr Gibbons: It's excellent value for your money. By the way, Mr Miller, Northern College also serves Parry Sound.

Mr Miller: Oh, good. Thank you.

The Chair: Thank you for your presentation this afternoon.

POVERTY ACTION COALITION OF TIMMINS

The Chair: I call on the Poverty Action Coalition of Timmins. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you so desire. I would ask you to identify yourself for the purposes of our recording Hansard.

Rev Marcus Germaine: I am Marcus Germaine, dean of St Matthew's Cathedral, and this is Michelle Cranney, a member of PACT. We're here to speak on behalf of PACT, the Poverty Action Coalition of Timmins.

PACT was formed early last year, in April 2003, and we're an organization that consists of people representing roughly 50 to 60 organizations in the community of various sorts. Some of us are in health-related areas, some of us teach literacy, some feed the hungry, some obviously represent religious organizations, and some themselves have experienced and are experiencing poverty.

All of us are concerned with what's happening to lowincome people here in Timmins. We're concerned especially about those least able to protect themselves: those on welfare, our children and the disabled. All we want is to do something to help people help themselves. All of us want that.

The election of a new provincial government in October 2003—I'm sure you're all familiar with that bit of local history—offered new hope to those who want to improve the quality of life for the most vulnerable in our society. The Liberal government, I'm happy to say, has already brought about some positive changes. For example, it has scrapped the lifetime ban on social assistance for welfare fraud. It has also committed more than \$3 million to help the homeless in Toronto. These are good first steps, and we congratulate the government on making good on the spirit of some of its campaign promises. Still, there's much to be done, and we hope the spirit of generosity behind these measures will extend considerably further.

Since 1995, low-income people, both parents and children, have been suffering in this province. Those on social assistance have been particularly hard hit. Vicious cuts to welfare rates, along with a steep rise in the cost of living, have had devastating effects. Few can afford to both pay their rent and feed the kids; some can't afford to do either. We all know that Ontario's welfare rates were cut by almost 22% in 1995. In one stroke, those on welfare lost more than one fifth of their income. Since then, the cost of many necessities of life has climbed steeply. Since 1995, there has been a 26% average increase in rent, a 14% average increase in the cost of food, and a 30% increase in water, fuel and electricity costs.

The results are appalling. The incomes of those on welfare in this province today are more than 50% below the poverty line. The incomes of those on provincial disability pensions are only marginally better; there's still a range of between 45% and 55% below the poverty line.

The result is that those on social assistance are too often underhoused and underfed. Food banks, as you may know, are not the solution to the problem of hunger in Ontario. Visitors to the food banks in Timmins get one bag of groceries for each adult once a month. That bag consists of bread and whatever canned goods happen to be on hand. Make no mistake: The food banks here do wonderful work and we wouldn't want to be without them, but they aren't a substitute for adequate social assistance rates.

Ms Michelle Cranney: I'd like to say something about higher social assistance rates.

In the past two years, I have been on social assistance twice. I'm the single step-parent of two aboriginal girls aged 9 and 11. I've been looking after them on my own for over two years now. Now that I have legal custody, my social assistance rates have been cut. I'm not from Timmins originally. I come from Markham, near Toronto, where most of my family and friends are. Fighting to keep my family together and healthy has been very time-consuming and very stressful. Recently, it hasn't been possible for me to take on paid employment.

I came here today because I wanted to tell you what the number one issue is for me. It's the money. The most important thing for me and people like myself are higher social assistance rates. I have been raising my girls on \$770 a month from welfare. After paying for housing, that leaves less than \$500 a month for food, clothing, transportation and all our other expenses, which doesn't include health care. Even though I make most of my food from scratch, it's been hard to make that money stretch far enough.

I've been asked what I would do if I had some more money to spend. First of all, I'd have spent it on food. Social assistance doesn't pay enough for the three of us to eat a healthy diet. At times, I'd go without so that my kids wouldn't. I've lost a lot of weight and I'm not as healthy as I used to be. Part of that's from stress; another part of that is from lack of proper nutrition.

Second, I'd have spent it on transportation. Where I live now is close to the girls' school, but it's far from the grocery store. It costs the three of us \$10 to get to the grocery store and back. Using the bus, even the three of us can't carry all the groceries, so you have to buy everything in small quantities. I'm sure you know that a 20-pound bag of flour doesn't cost much more than a 5-pound bag of flour, but you can't carry 20-pound bags of flour home on the bus. I don't even want to talk about the potatoes, because that's nearly impossible. So if I had a little bit more money to spend, I'd use it for transportation. That would help me also to find a job, to get to daycare etc.

The other thing I'd like to spend it on would be dental care. Just before Christmas I lost a filling. I'd like to keep my smile, but being on welfare, that's pretty hard to do. They won't pay for a filling, only to have your tooth taken out. I don't want to do that. I've had a toothache for six weeks now. If I had a bit more money, I could put some of it aside to save for the dentist.

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Rev Germaine: The experience of poverty is different in the north than elsewhere in the province. In a couple of days you wouldn't have experienced this, but it is generally colder here than it is elsewhere, especially in the south. It starts to snow often in September, and real winter can start as early as October. Last year, for example, we had snow and freeze-up by October 8. This means that winter clothes are a more pressing concern. Frostbite is a constant winter danger.

Costs are also higher for fuel, gas and food, especially in the coastal communities. I don't know how many of you know this, but in Attawapiskat you could pay as much as \$10 for a quart of milk. We need to address these kinds of issues for people on social assistance, especially in the north.

There are other reasons why poverty is different in the north. Consider the employment rates. In the northeastern region, where Timmins is, the employment rate in December was only 56%. That means that more than 40% of the population aged 15 and over are not working. This is the result, according to federal government sources, of less economic activity in the primary sector—in forestry, fishing, mining, and oil and gas. It may be

that the provincial government will develop some longrange strategies to turn this situation around. In the meantime, though, there is a desperate need for a raise in social assistance rates.

Ms Cranney: One way to put more money in the hands of people like me is to end the clawback of the national child benefit supplement from people on social assistance. Every month I was on welfare, I saw more than \$200 taken right off my cheque. It comes off the cheques of everybody on social assistance. This doesn't seem fair. That money was set aside by the federal government specifically to help the poorest children in Canada. In Ontario, if you are not on any social assistance or disability program, the provincial government lets you keep the supplement, but otherwise you don't get it. This money is being taken from the poorest members of society, the very people it was intended to benefit. The result? The poorest children suffer the most. They go without: without food, without proper clothing and without school supplies. In the north, there are special reasons for concern about this. Children in the north are not as healthy as children in the south. It is the poorest children who are most at risk. Children like mine need better nutrition: they need warmer clothes. Ending the clawback of the supplement will help me and families like mine achieve this.

Rev Germaine: Michelle is not alone in wanting to see the end of the clawback. The city of Timmins and the district of Cochrane fully agree with her. Last fall, PACT—Poverty Action Coalition of Timmins—addressed both Timmins city council and the Cochrane district social services board on this subject. Both of them unanimously endorsed our resolution calling for an end to the clawback. Not incidentally, Premier Dalton McGuinty actually promised to end the clawback. This was last September in answer to a questionnaire from the Campaign Against Child Poverty. We understand that other worthwhile programs are funded from the clawback. Nevertheless, that money was specifically intended for the benefit of low-income children. Every cent of it should go to them.

I want to say a few words also about the programs funded from the money clawed back. In the Cochrane district, some of that money helps support things like breakfast programs throughout the city of Timmins. It also provides funding for the Healthy Babies, Healthy Children initiative. These programs have been supported by the Cochrane district social services administration board in response to local needs. They have very strong support in the community. We urge you to recommend not only that the clawback come to an end, but also that the province step in and continue to fund programs like these that are responsive to the special needs of particular communities.

Many people would argue that we shouldn't raise social assistance rates because we can't afford to. They point to the large provincial deficit and argue that it simply can't be done.

The fact is that the Liberal Party made two promises to the people of Ontario in 2003. One was not to raise taxes; the other was to improve public services. It seems that they can't keep both promises. The people of Ontario had a chance to make their opinions known in the recent provincial election. We all know how they voted. They voted for a government that promised to raise social assistance rates, to end the clawback of the national child benefit supplement, and to end the lifetime ban for welfare fraud. These are priorities of the people of Ontario. These priorities should be translated into action. We join many others in urging this government to do its utmost to find sources of funding, whether from cost savings or tax increases, that will allow this to happen. We urge the government to use this money to raise social assistance rates to reflect the real cost of living.

I want to say this: There has been some talk about leaving the rates as they are but pegging them to the cost of living. That will perpetuate an already unjust situation. The rates that are already present are rates that everybody, across the board, on the other side of the House before the election condemned. Let's not enshrine those by simply tagging them to the cost of living.

The Liberal Party of Ontario makes the following commitment on its Web page: "We will bring northern Ontario to the table. We will ensure that the voice of the north is heard in the cabinet and we will respect that

voice."

We're here to tell you that a lot of voices here in the north are in favour of a new deal in social assistance. The supporters of PACT think so. The Timmins city council and the Cochrane district social services administration board are also on record as endorsing that kind of change.

For a lot of people—people like Michelle's family and many others in the community—changes can't come too soon. There have already been many studies examining the effects of poverty—I'm sure most of you have read them—and still, every day, children in the Cochrane district go hungry, go to school without adequate food, go to school without adequate clothing in quite piercing cold temperatures. Every day, people are cold. They're hungry. Please act and help bring an end to this terrible injustice.

Thank you for your attention.

The Chair: Thank you. We have two minutes per party for questions.

Mr Prue: The whole question of the clawback—I'm going to ask research to tell us what it would cost the treasury if we stopped the clawback, because I think you've made a good point on that.

The poverty rates, as we've heard earlier today from someone from the North Bay hospital, are much higher in the north. I guess that's due to the shutdown of industry or mining or forestry. Do you have any sort of idea what we can do to try to get jobs and experience back here? I've heard tourism, but I don't know how well that's going to go. Is there anything else that this government can do to try to get some money back into the north, to try to get some jobs and prosperity so that 44% aren't unemployed?

Rev Germaine: It's a question I don't know exactly how to answer, because I'm not an economist, but one of the things I can tell you is that one way to fund government-run projects is to increase the minimum wage to a reasonable level. The current increase is woefully inadequate. As someone pointed out to me at city council last year, the money that people get through increased minimum wage isn't going to be ferreted away somewhere. It's going to be spent and it's going to benefit local communities in terms of local businesses. It's also going to roll into the tax coffers of the government.

So I think an increase in minimum wage would help, but I also think there are a lot of jobs concerning the environment, which is at risk in many areas of the north, much more at risk than people would realize. It may be pristine wilderness, but it's in danger. There could be a lot of money spent—or invested, if you like—in improving the safeguards and the state of our environment.

The Chair: Thank you. We'll move to the government and Mr Wilkinson.

Mr Wilkinson: Thank you for coming today. I want you to know that we've heard across the province as we're going through a lot of similar situations. Reverend, you are an eloquent speaker, but Michelle, I was quite taken with your comments. It takes bravery to come here in front of other people and discuss your situation, and I want you to know that we appreciate that.

Ms Cranney: Good, because I'm very nervous. But you know what? I'm still mad about the whole thing. That's why I even ended up coming.

Mr Wilkinson: I just want to ask you a specific question. In my own riding—I'm new to being an MPP, so we have people who come to my riding, but I wasn't aware of this at all. I know a lot of the issues that you raise—you were saying that you have a filling that needs to be replaced. Let's get this straight. All you have is a filling that needs to be replaced, and the government will not pay for that—

Ms Cranney: They'll pay to get it taken out.

Mr Wilkinson: —but after your tooth abscesses, then they'll pay to take it out. Then will they put a crown in, or is it just supposed to be—

Mr Prue: Come on.

Mr Wilkinson: My point is, as a government, we won't pay to replace a filling, but we'll pay to extract—

Ms Cranney: You pay for support hose.

Mr Wilkinson: I'm just shocked by this. I can't believe how some people who have run this province can sleep at night, because it just seems to me we see these negative cost spirals where we waste money by being cheap and turn around and spend more and more money. A lack of good dental health just results in other complications, which then cost us as a government and as a people more and more money because we don't spend money.

Ms Cranney: It's preventive and it is health.

Mr Wilkinson: An ounce of prevention is worth a pound of cure, and we're stuck with \$5.6 billion worth of pounds that we have to pay because some people didn't put money into prevention.

Again, I commend you for coming here today. Thank you.

Ms Cranney: Well, I hope it has an effect.

The Chair: Thank you. We'll move to the official opposition.

1400

Mr Jim Flaherty (Whitby-Ajax): Thank you for making the presentation today. You are certainly very high-minded, and I mean that sincerely, in your recommendations to the committee and to the government. Do you expect politicians to keep their promises?

Rev Germaine: Do you? Mr Flaherty: Yes, I do.

Rev Germaine: Good. So let me answer the question. I expect that. What creates disappointment often is that our expectations aren't met, however much those expectations are raised by people who make promises. I expect the government to keep its promise. I expected more of the previous government as well.

I guess what I want to say, though, is with respect to these competing promises: the promise, on the one hand, of increased social services and, on the other hand, no taxes. The taxpayer has been a sacred cow in this province for a long time, but what about ordinary citizens who don't contribute a lot in taxes, who are at the bottom? When do they become as important as their high-taxpaying counterparts?

I think it's time that governments, who have been looking after the taxpayer for quite a long while in this province by cutting taxes, finally decide that maybe there is an end to that wisdom, that it's already been reached. We need to improve our tax base to pay for some of the neglect that's happened and to repair some of the damage that's happened by the previous government.

Mr Flaherty: I agree. We had the opportunity in the previous years to, in most of our budgets, take people at the bottom end of the socio-economic scale who were paying provincial income tax off the tax rolls, so that they don't pay provincial income tax in the province of Ontario.

Let me ask you, in the nature of social assistance here—and I know you've made the points about the north being different, and of course that is so. Leaving aside persons with disabilities who cannot engage in the workforce, for those who can engage in the workforce, what's the role of training, particularly skills training here? How adequate or inadequate is it in order to assist people to enter the workforce gainfully?

Rev Germaine: The two gentlemen who were here previously could probably speak more to that question. What I can say—my wife works in literacy training—is that there is not enough money provided by various levels of governments for people to improve their capacity to work at skilled jobs, so that people who are on the bottom, who are perhaps there because they don't have skills that they might need in the marketplace, can't get the money from various levels of government to improve their skills. I think that the solution to the problem, I hate to say it—the whole notion of throwing

money on problems has been given a kind of bad colour—but I think there needs to be a lot of money thrown at this problem.

When did it become a fact that education is expenditure? I've always thought it was investment. For example, the Vancouver Board of Trade, not known as a left-wing think tank, a couple of years ago came up with an interesting fact: that education of children—daycare, child care—is an investment that returns \$2 for every dollar spent. So I think it's time that governments start to refocus on the problem and start calling it investment. When are we going to invest in people in such a way that we improve the skill base of workers in this country?

Mr Flaherty: Thank you.

The Chair: Thank you for your presentation this afternoon.

COCHRANE TEMISKAMING CHILDREN'S TREATMENT CENTRE

The Chair: I call on the Cochrane Temiskaming Children's Treatment Centre. Good afternoon.

Mrs Mary MacKay: Thank you very much for allowing me to present to you this afternoon. I am Mary MacKay, and I'm the executive director of the Cochrane Temiskaming Children's Treatment Centre.

All children's treatment centres in the province are facing major deficits. This is because of budgets that were frozen from 1990 to 2000. An infusion of dollars was provided to centres in 2000, which helped to deal with some but not all of the pressures. Centres do not receive rate increases on an annual basis to reflect the cost of living. Consequently, budgets are eroded every year. We are now in crisis. Many centres are facing layoffs, cancellations of various programs and increasing wait lists.

We are one of 19 centres in the province of Ontario providing services to children with special needs. Along with the integrated services for northern children program, of which we are a sponsor, we provide paediatric occupational therapy, paediatric physical therapy and speech language pathology on a weekly basis to all the communities in the districts of Cochrane and Timiskaming. We are the only agency in our district that can provide the specialty paediatric OT and PT services. In Timmins we also provide social work, various specialty clinics such as medical clinics, orthotics clinics and equipment clinics and various therapy groups geared to toddlers and elementary school children. We also operate a ski program for children with motor difficulties.

Children being actively seen by our centre staff number 350. About half of these children reside in Timmins and the other half reside up and down the highway, from Hearst, which is three hours north of here, to the Tri-Town, which is two and a half hours south of here. We have wait lists. There are 150 children currently who will wait one month to two years, depending on the child's age and the nature and the severity of a disability. Children are seen in their homes, schools, day cares and

at the centre in Timmins, or at the satellite offices located in Hearst, Kapuskasing, Cochrane, Kirkland Lake and New Liskeard.

Our centre believes that early intervention is important and affects the prognosis of the child and the family. Many of our children are referred at birth. Many children remain on the centre caseload until the age of 19 or 21. These children have complex needs, often for intense direct therapy early on, often requiring two or more disciplines to intervene as well as the social worker.

Once the child enters school, these interventions continue to be important so that the child's education is not compromised by a lack of understanding of his disability by the school, or by a need of mobility or communication devices to assist in attaining his maximum at school. Assessment, direct therapy and consultation to school teachers are all provided. As the child's needs change, so does the need for the level and type of intervention. For example, if the child has surgery, often this is a time of increased therapy. If a child is newly diagnosed because of a motor vehicle accident, a tumour, or any other kind of trauma, the intervention needs to be intense as well.

When the child enters high school the question of what he will do in his adult years becomes more important to both him and his family. It is the centre's role to assist youth and their families to make sound and realistic decisions about their future. Special needs children require much more planning than the average child. Plans could entail many supports from other agencies in the community. Plans could also include specialized training and special supports from post-secondary education providers.

Most special needs children need additional life skills training so that they can learn and better cope with the demands of the adult world and maximize their independence. Much of this training should be the responsibility of our centre. The goal of the services of the centre is to assist each child to become a happy, healthy, productive adult who is living as independently as possible and feeling that he is a contributing member of society.

In summary, without the centre's services and support, most families would be completely at a loss as to how to manage their child's difficulties. They would not know what services their child would need and how to ensure he received them. Disabled youth would be ill-prepared for any kind of meaningful life as an adult. We saw that. We came into existence here in 1980 and for the first five years we saw many youth and children who had not received the ongoing support of a treatment centre and the kinds of situations that they found themselves in. The centre has made a difference in many people's lives.

Rising costs have put pressure on what was already a bit of a shoestring operation. We are a small centre covering a wide geographical area. We have lost staff positions due to attrition. We're not able to afford to replace staff members who have left our employ. This year we will have to consider layoffs. We are looking at contracting out our staff to provide services outside our

catchment area and contracting our staff to provide services for other agencies in order to increase our revenues and maintain our staff.

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What does that mean? Our already long wait lists for our core services will increase dramatically. In addition, plans to add a living skills program at our centre to consistently address the needs of teens has been put on hold for yet another year.

Increases in the cost of living since 1990 have been dramatic. The hospital sector has experienced wage settlements that we cannot even approach for our own staff. Recruiting and retaining staff is critical for all centres, but especially in northern Ontario, where vacancies are rampant. The gap between what our centre offers therapists versus our local hospital is over \$10,000 per annum per therapist.

Our provincial association, the Ontario Association of Children's Rehabilitation Services, has strongly advocated for additional funding and annual rate increases for centres as well as funds to close the gaps in the services so that the wait-lists become more reasonable. You have heard that this kind of measure would be approximately \$32 million annually.

We recognize that the Liberal government will need time to organize and prioritize. I am echoing the request for consideration of at least a 3% cost-of-living increase for our centres to assist us to manage our staff and services until such time as you have had the opportunity to thoroughly review our mandates and services. As you are aware, hospitals and many other community agencies receive these rate increases automatically. Centres do not.

Thank you again for your time. I would be pleased to answer any questions.

The Chair: We have about four minutes per party. We begin this rotation with the government.

Mr Peterson: We've had presentations from several groups that are caregivers to our youth. I think the work you're doing is very commendable. I'm concerned that in our society, in our education system, in our institutions we might not have a method for testing for psychosis in children at an early enough age to assist them. The statistics are quite compelling. If we get early diagnosis of a problem and get on it, we can save a heck of a lot of money and improve the quality of the person's life much faster than if we let it wait. I don't know how to address this question any better than that. Do you have any sense of how we could improve?

Ms MacKay: I'm not an expert in what you're talking about, psychosis, but because our centre deals mainly with children with physical disabilities and not psychological aspects, although of course we work closely with agencies that do provide that kind of service, I could say that what you're expressing is very similar for physically disabled children or children with motor issues. The issues only compound themselves over time and affect every area of a child's life, from self-esteem and behavioural issues at school—if the child is not being dealt with properly at school, then he becomes a problem.

It just snowballs into a lot of other issues. If the original problem had been intervened with initially, you wouldn't be seeing all these other, secondary issues. So I would say that whether it's a psychological issue or certainly a physical issue, which is the kind that I deal with, it would be the same.

Mr Flaherty: Thank you very much for the presentation, which I'm sure reflects the views of all of the children's treatment centres in Ontario, the 19 of them.

Ms MacKay: Yes.

Mr Flaherty: I was interested in your comment early on, talking about funding between 1990 and 2000. I want to ask you about the funding issues too. In 2001, the children's treatment centres came to the government of the day, of which I was the Minister of Finance, and said, "We need \$20 million." That was the amount of money they needed to set things straight. It was the same issue of competitiveness with other public sectors and so on. We provided for that in the budget in 2001—not half of it, not \$12 million, not \$15 million, but \$20 million, exactly what was asked for, and rightly so. I think it was the right thing to do because of the great work that children's treatment centres do, and the absolute imperative that children with disabilities be seen early and receive the therapies they need early in their little lives.

Now what has happened in the last few years—that's really what I'm getting at—in terms of your cost structure? One of the things I fear that we often see is that there's a growth in human resource costs without an increase in services. That is undesirable, and I think you would view it as undesirable; I certainly view it as undesirable. So I'd like to know, what are the components that are driving these costs up, and can the government be assured that more money means more

services?

Ms MacKay: I think that's what happened in 2001. The government was very interested in having more services and in having children's treatment centres certainly prove that they were going to be able to provide more services, and I think we did. But the problem was that for 10 years the erosion to our budgets with regard to cost-of-living increases—we're talking about fuel and hydro and all those other things that weren't really taken into account. You can provide more services, but in fact every unit of cost is more expensive.

What happens is that, yes, we added a number of staff at that time in order to provide more services—we certainly are providing more services—but in fact we're still all underpaid. Not only that, but fuel costs in any place, but certainly in northern Ontario, are an issue. We have longer, colder winters. We have much-increased costs in gasoline fuel for our cars. We are a travelling operation. We're experiencing the same kinds of insurance rate increases, extended health increases and all the other increases that everybody else has experienced, but we don't get an increase every year in order to accommodate that. So over time our budget becomes eroded again.

Then, on the other hand, as I mentioned to you, we have other people in the community who are able to

address human resource rates, and those are increasing, and we're not able to compete. Staff are our bread and butter. If we don't have staff, we don't have services. It becomes an issue.

Mr Flaherty: I certainly hope the government listens.

Mr Prue: Right back on that same point, you have here on a sheet of paper that you cannot offer comparable salaries to our community competitors. There is at least a \$10,000 difference in the salary for a professional. What is the rate at which you lose staff? Is it 10%, 15%, 20% a year?

Ms MacKay: Everybody has to travel; this is not considered a perk, especially on winter roads and that sort of thing. But we do a lot to retain staff at our centre and we've been fairly lucky. For years and years we had a lot of vacancies and we couldn't even attract staff in order to fill these vacancies. Now we have the need for staff but we can't afford to pay them. We're losing staff because of the other reason: When they leave, we're not able to replace them.

Mr Prue: Not for every place in Ontario but just for yours, in dollar terms, how much money would you need from this government in additional funding in order to pay staff the competitive wage that they could get

elsewhere in Timmins?

Ms MacKay: Probably at this point we're looking at between \$40,000 and \$50,000.

Mr Prue: That's the total that you would need in your organization?

Ms MacKay: That's right.

Mr Prue: The second area, waiting lists: How long is the waiting list? I know every program is different, but how long are waiting lists generally for children to get access to your centre?

Ms MacKay: If a child comes to our centre, and it's a baby that has some severe problems, he's going to be seen right away because we prioritize our waiting lists. But if you're a child with some fine motor problems which are creating some difficulty in school and you're eight years old, you're probably going to wait a year and a half. We don't consider that to be acceptable.

Mr Prue: Obviously not.

Ms MacKay: But that's as fast as we can get to them. What happens is that as we are about to address some of the people further down the waiting list, we have higher-priority children referred that we have to see right away. **1420**

Mr Prue: What additional monies or staff would you need to make sure that the waiting list was reduced to an acceptable level of, say, no longer than a month?

Ms MacKay: No longer than a month? OK, we'd need probably \$200,000. We'd need to increase by four

staff.

Mr Prue: This government has a very thorny problem, as we all know. They've inherited a deficit. They have three choices, in my view, or a combination of three choices: (1) They can continue with the deficit, which I don't think they'll do; (2) they can slash programs; and (3) they can raise taxes. Which one would you advise them to do?

Ms MacKay: Personally? Raise taxes.

Mr Prue: And you'd be willing to pay that? Because you end up paying too.

Ms MacKay: Absolutely, I pay through the nose. Yes. Mr Prue: But you think that's the best option they have.

Ms MacKay: I think it's the only option they have. Most of the services I see in town—we're not living off the fat of the land. I'll tell you, we're pretty well bare bones at this point, and I can't see how they can slash services. That will affect the most vulnerable people in our society. I've listened to two presentations since I've been here, and I think the one just before me was excellent. I would disagree with slashing services.

The Chair: Thank you for your presentation this afternoon.

PORCUPINE DISTRICT MEDICAL SOCIETY

The Chair: I call upon the Porcupine District Medical Society. Good afternoon. You have 20 minutes for your presentation.

Dr Eric Labelle: Mr Chairman and committee members, good afternoon. I'm Dr Eric Labelle, a general surgeon at Timmins and District Hospital, and also the president of the Porcupine District Medical Society. I'm expecting Dr Dave Huggins to join me shortly. He's a family physician here in Timmins as well. My presentation will not take the entire 20 minutes. Should you have any questions after, I'd be more than happy to answer them.

The people of Ontario greatly value our health care system. Year in and year out, it ranks as the clear number one priority for Ontario voters, and the rest of Canada for that matter. That is nowhere more true than right here in northern Ontario. The people of the north are often the first to feel the effects of cutbacks, waiting lists and what has now reached large cities in southern Ontario, the doctor shortage. Managing scarce resources and trying to find our patients the timely care they deserve is a constant challenge to my colleagues and me. As this committee travels the province and puts forward its recommendations, I ask you to remember this and understand the vital and necessary service physicians, nurses and hospitals deliver to the people of the north. Spending on health care is an investment in the people of this province.

Running a practice today is becoming increasingly difficult. Extra paperwork, a growing and aging population, combined with fewer doctors has physicians pushed to the limit. Working conditions for all health care workers are increasing the rates of burnout, early retirement and, unfortunately, overall dissatisfaction with the system.

As well, Ontario doctors are looking to other provinces, and other countries, in fact, to practise medicine for more competitive remuneration. This government cannot ignore this fact. Government has repeatedly stated its desire to hire more doctors, yet we are having trouble keeping the ones we already have. If we are to retain the physicians we currently have and also attract new physicians, we need to make Ontario's fee schedule number one and once again make Ontario an attractive place to work. Premier McGuinty has to recognize that there is a global shortage of doctors, and we need to make physicians a budgetary priority to keep Ontario competitive.

In the early 1980s, Ontario ranked number one in fees compared to the other provinces. In the early 1990s, that ranking slipped to third, and unfortunately today we have fallen as low as seventh. Over the course of the last four years, fee increases in Ontario have not even kept pace with inflation and the rising cost of running our practices. As a result, we are experiencing extreme difficulties in recruiting and retaining doctors in this province, particularly in the north. In turn, we have a million people in Ontario without the expert care of a family doctor, and this is expected to double in the next eight years.

I read on the weekend an article in the Globe and Mail by Murray Campbell in which the Minister of Health talks about stakeholders being more efficient. Well, there is no more efficient or responsible partner than doctors. Under the terms of our last agreement, we have managed to deliver care within the budget set aside by the government for physician services. No other partner in the health care system can say that. Investment in physician services is money well spent.

When it comes to delivering care to our patients, physicians have demonstrated initiative and ingenuity in developing new ways to meet the ever-growing demand for the medical expertise only a doctor can provide. Physicians have worked with the government to introduce new payment plans for emergency room physicians, community service contracts for smaller towns and regions, and the northern group funding plan, which has helped in recruiting and retaining colleagues working up here in the north.

Despite a serious commitment by the doctors of Ontario, most of us find a health care system today that falls short of the one we knew when many of us started practising several years ago. The Ontario Medical Association recently surveyed 2,000 doctors in the province and it has found that almost one out of every six doctors is seriously considering moving outside of the province or even outside of the country. The survey suggests that an inability to treat their patients in a timely manner, the chronic shortage of physicians and a declining quality of life are contributing factors as to why physicians are considering moving to other jurisdictions.

When asked about the state of the health care system in Ontario, the survey clearly shows that doctors are most concerned about the negative impact that physician shortages, general underfunding of the health care system and delays in treatment caused by waiting lists are having on patient care. In a similar survey done by the strategic council in 2000, only 75% of doctors felt that increasing the number of physicians in Ontario should be a priority. Today that number is 97%. It has become critical.

When asked about their working lives and life satisfaction, doctors in the province reported low levels of

satisfaction due to the inability to treat and refer patients adequately. Only 20% of physicians reported being very satisfied with their lives as a physician in Ontario, and 75% felt that their quality of life has declined over the last three years. The survey suggests that working 50 hours a week, on average, having difficulty in accessing specialty care and diagnostic tests for their patients and sending patients out of province for care are factors attributable to this dissatisfaction in their profession.

Ontario doctors are deeply concerned about the physician shortage in this province. We are not training enough doctors to meet the current, let alone future, requirements. The average age of general surgeons, for example, is over 55, and this is absolute nonsense. There are critical shortages in every single specialty, from anaesthetists to obstetricians and gynaecologists.

The OMA has produced strong and practical recommendations to improve the physician human resource situation in Ontario. A copy of these can be found on the OMA Web site at www.oma.org.

Ontario's doctors are leading by example and are not asking from government anything they themselves are not prepared to do.

Many people today talk about primary care reform: teams of doctors working with other health care professionals to provide around-the-clock access to primary care. In this area Ontario is leading the country. Family health networks and, more recently, family health groups are groundbreaking models that help to extend care to patients around the clock and offer flexibility to our overworked, dedicated family physicians.

Contrary to misconceptions, Ontario doctors have positively responded to these new models. As of last week, over 2,000 family doctors are caring for over three million Ontario patients. They provide proper reward to our front-line family doctors for the delivery of comprehensive care, and they offer the flexibility that so many of our younger doctors are also wishing for.

The fact remains, however, that the system in Ontario remains woefully underfunded. Our population is growing and aging, and per capita health care spending has not kept up. Our patients need more specialized, expensive care. There are major gaps in the continuity of care for many of our most vulnerable citizens, especially geriatric patients.

Wait lists to see a family doctor or a specialist consult are unacceptably long as well. Our emergency departments are overloaded. Doctors share in the public's frustration with poor access to limited health system resources. We have cut back and consolidated in the name of efficiency. The end result, however, is too often increased stress for providers, and frustration and fear for our sick patients and their families.

There is no more room for cutting. It is time to move beyond the rhetoric and platitudes and demonstrate the fiscal commitment that we have seen in other jurisdictions, to improve the professional lives of our physicians and provide the resources necessary to allow doctors to do the job they are trained to do: to take care for the people of Ontario.

Physicians spend plenty of their valuable time—almost 10 hours a week—filling out forms. This is time that would much better be spent taking care of our patients. It is time we removed this red tape and helped our overburdened physicians do what they were so expertly trained to do.

We also need to improve physician morale. We need to improve doctors' perceptions of this province.

Working in a hospital environment, I understand the challenge of setting a budget and trying to live within one's means, even when the demands for more spending arrive on a daily basis. Our negotiations with the government to enhance medical care in Ontario are not about options and luxuries and things that can be put off until tomorrow or next year or the year after. We're fighting for more operating room time, better equipment and shorter waiting lists.

As president of the Porcupine District Medical Society, I believe the current talks between the OMA and the government are a fork in the road for health care in Ontario. Our doctors are tired, frustrated and undervalued. The patients we see are sicker, they require more time, and the support systems to meet their needs at home and in the community are lacking. There is nothing more upsetting to a physician than to have to explain to an anxious patient or family member that they will have to wait to receive the medical care that I know they need now.

The Premier and the health minister must step up to the plate and address the real issues that are driving doctors out of the province. We can no longer wait. The time to act is now. Thank you.

The Chair: We have about two minutes per party. We'll begin with the official opposition.

Mr Barrett: You indicated, and many of us have read in the media, the survey indicating that one in six doctors in Ontario is seriously considering moving outside of Ontario. That's 17% or 18%. I'm very surprised to see that because we know, year by year, normally 1% leave and about 1% return—pretty well neutral. You talk about red tape and poor morale, but is this solely the underlying reason for this? Is it all about the need or the desire for competitive remuneration? Is that what is driving this increase from virtually zero to 17% or 18%?

Dr Labelle: The reason it has been zero is because other jurisdictions have not been competitive. We've seen over the past few years a major shift in the remuneration packages, and that's going to make a huge difference over the next few years if there continues to be that imbalance. We're generally a population that has the means to move, pick up our things and go elsewhere. That's unfortunate, but this is what's going to happen. I firmly believe that we are going to lose more physicians over the next few years if things are not redressed.

Myself, I'm from northern Ontario. I came back to this area because this is where I was born and raised. The financial aspects aren't as important to me with respect to

where I work, but there are other physicians who aren't from Ontario and we need to attract them. How are you going to attract people when the jurisdiction next door is offering to pay them higher? It's very difficult. I get two, perhaps three, job offers from different jurisdictions in the country or even in the United States; 12 to 20 every year. That's a lot of offers, and those are unsolicited. I'm not even looking to leave anywhere.

Mr Barrett: When you refer to cutbacks and underfunding—and we all know there were no cutbacks in the health care budget; it went from \$17.4 billion in 1995 to about \$28 billion now—you're referring specifically to cutbacks or underfunding with respect to physicians?

Dr Labelle: At this point, I'm speaking only to physician services, but I think the whole system in general is underfunded presently, and it's wreaking havoc with the care of our patients. Speaking on behalf of the situation im Timmins, because that's obviously what I'm most familiar with, we've been very fortunate. This is part of the reason why I am in Timmins, because this hospital has generally been very well run and the patient care does not seem to be as affected as in other places. But over the past years things have really gone downhill. We frequently have up to 13 or 14 beds in the emergency department. People who have no beds to be admitted to on the medical floor, for example, are waiting in the hall. One of the major contributing factors to that has been this ALC system. I don't know if you're aware of this ALC designation, whereby alternate-level-of-care status is given to patients. These patients have nowhere else to go, unfortunately.

The Chair: We need to move on to the next question. Mr Prue of the NDP.

Mr Prue: On the first page of your presentation you say that Ontario used to rank number one in fees and has now fallen to seventh. What would it cost to have Ontario again be number one in terms of fees?

Dr Labelle: I'm sorry but I don't know the answer to that. I would refer you to the OMA and the negotiations process going on. I don't know to what degree we have fallen but it's significant.

Mr Prue: Who is number one now?

Dr Labelle: I'm not sure but I believe it's British Columbia.

Mr Prue: You don't know how much more they make in fees than in Ontario?

Dr Labelle: I'm not aware of that.

Mr Prue: I think you should know that.

Dr Labelle: I think I would know that if I was interested in moving, sir. If I was looking to a different jurisdiction that would give me the most monetary satisfaction, I would be looking into that, but that is not my interest personally.

Mr Prue: The red tape also interests me. I'll move on to that. You said you spend up to 10 hours a week filling out forms.

Dr Labelle: At least a day.

Mr Prue: Could you give us some examples of forms you think are ridiculous to fill out? I used to be a civil

servant and I used to think some of the forms I filled out were ridiculous. You must think some of them serve no purpose. Can you give us some examples of those forms you fill out that serve no purpose?

Dr Labelle: Some of the insurance forms. There are triplicate forms for the same situation that we have to fill out, going-back-to-work slips, going-off-work slips. It's just never-ending. The number of forms that I personally deal with is much less than most family physicians. The family physicians bear the brunt of that problem much more than we do. I don't see people regularly over the course of their lives; I see people during crisis periods when they have cancer, hernias or whatever job-related injury they might have. Usually the burden of the forms on myself is limited to the event causing this patient's problem. So for me it has not been that much of a problem, but it is still quite significant.

The Chair: We'll move to the government.

Mr Colle: First of all, Doctor, I want to say that I think you're one of the unsung heroes for coming back to the north and being a front-line surgeon and doctor here. It's people like you who should be the role models for Ontario children. I don't say that because I'm trying to be patronizing; I think I speak on behalf of all of us to say that we need people like you to practise medicine more than ever. So on behalf of all my colleagues, I want to say thank you for staying here and doing such important work. I wish more would follow the lead you've shown. You're a credit to your profession.

I guess our real dilemma here as a committee is that the last government—

Laughter.

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Mr Colle: Mr Flaherty thinks it's funny but I don't. I think it's very serious.

Interiection.

Mr Colle: We're trying to grapple with the problem that there have been more gross dollars spent, but on a per capita basis there hasn't been, on the needs of individuals. As a front-line doctor, besides what you mentioned about the bureaucracy and red tape and other things, what area can you direct us to to try and find ways of fixing this huge challenge? Is there anything else you might suggest we should be looking at or going toward or digging?

Dr Labelle: I think there is something that's going to happen in the next few years that will happen, unfortunately, haphazardly. I think if it was organized, there would be major cost savings available.

Since I am a general surgeon, I'm speaking on behalf of all the specialists but particularly in general surgery. You've got a district here that has the Timmins and District Hospital—Hearst, Kapuskasing, Cochrane, Kirkland Lake and even Moose Factory—that has a surgeon on call. Most of these other places have one surgeon on call 24 hours a day, seven days a week. You've got the anaesthetist who has to be on call with them, the nurses, the OR staff, the equipment, and it is woefully underutilized. You go to the Toronto General

Hospital, they have a set number of operating rooms and they use them all. We've got a bunch of little satellite operations here that can't be used adequately, and unfortunately there's a tremendous loss of money associated with that.

Unfortunately it impacts us personally as well, because right now we're down to two general surgeons in Timmins. When the guy in Hearst calls us saying that he's got a patient he can't take care of, who has to take care of him? It's us. We're doing one and two calls for a district of 120,000. Unfortunately the most beneficial part of care financially involves elective surgeries. For example, we've got locum surgeons coming from out of town, from down south, to Hearst or wherever, to do the nice little easy cases and we're stuck at 2 o'clock in the morning dealing with the disasters. If we would centralize and regionalize our specialist services through the Timmins and District Hospital—and I know this is not going to be a very popular topic to discuss here right now with people from other communities, but I don't see any other possible way of doing this—and allow this hospital to be the district hospital it was meant to be, there would be tremendous savings. There have to be.

Mr Prue: Mr Chair, on a point of order: I wonder if I could have the research officer find out who has the highest rate of pay for doctors in Canada, and if indeed it is British Columbia, and second, what it would cost to match that in terms of dollars.

The Chair: Research will look for that and provide it to all members.

Mr Colle: Could I also ask research to contact the Ministry of Health to comment on the doctor's proposal, the impacts of that and why it can't be done or why it isn't done, the regional—what did you call it, sir?

Dr Labelle: Regionalization of at least general surgery services, but the same would apply to obstetrical services—which is happening right now—orthopaedic services, internal medicine services.

Mr O'Toole: Could I ask research to look into what it would cost to give nurse practitioners one billing code to help ease the burden in primary care?

The Chair: Thank you very much for your presentation here this afternoon..

SUDBURY COMMUNITY LEGAL CLINIC

The Chair: I call on the Sudbury Community Legal Clinic. Kindly state your name for the purposes of Hansard.

Ms Grace Kurke: My name is Grace Kurke, and I'm a lawyer at the Sudbury Community Legal Clinic. The Sudbury legal clinic has been working with a community organization called the Justice with Dignity Campaign committee to advocate for changes to Ontario's public assistance programs. The inspiration for this work is an individual named Kimberly Rogers, whose experiences while on public assistance highlight the pressing need to help Ontario's poor live in a just society, while providing financial assistance that reflects the actual cost of living.

The Sudbury Community Legal Clinic is a non-profit organization, funded by Legal Aid Ontario, which provides legal services to low-income individuals in the Sudbury district in areas of law that include housing and government income programs. The Justice with Dignity Campaign committee is a grassroots organization made up of concerned citizens whose goal is to change public assistance programs to provide both justice and dignity to those on public assistance in this province.

Kimberly Rogers was a client of the Sudbury Community Legal Clinic. She was my client. In 2001, she challenged a provincial law that automatically disqualified her from receiving public assistance benefits for three months because she had been convicted of welfare fraud for collecting both student loans and welfare benefits at the same time. At the time her public assistance benefits were terminated, she was five months pregnant and under house arrest with no income to feed or house herself. Although the Ontario Superior Court of Justice had reinstated her benefits pending a full hearing of her constitutional challenge, Ms Rogers did not have enough money to adequately feed herself after paying rent.

Monthly public assistance payments are made up of two components. There is something called a shelter allowance, and then there is a basic needs allowance. The maximum monthly benefit that a single person in Ontario can get today is \$520, and that's broken down as \$325 for rent and \$195 for everything else. In Ms Rogers's case, her rent was \$450 a month. The welfare office reduced her maximum entitlement by 10% to collect the amount she had been overpaid while a student and collecting welfare benefits at the same time, and this left her with \$18 a month for all her other expenses.

You probably have all heard about her case. She died while under house arrest, while still serving her sentence. The baby she was carrying did not survive. A coroner's inquest was called and was held in Sudbury in 2002. The jury that presided over that inquest made about 14 recommendations, two of which, in my practise, I consider quite key.

The first key recommendation was a call to end automatic bans that happen when someone is convicted of fraud against public assistance. The second key recommendation was a call to increase the rates of assistance to actually reflect what people pay in rent and the actual costs of food and other necessities. In December 2003, the Ontario government implemented the first recommendation and should be commended for following up on that.

The jury's other recommendation was number 4 and was worded this way by the jury:

"The Ministry of Community, Family and Children's Services and the Ontario Works program should assess the adequacy of all social assistance rates. Allowances for housing and basic needs should be based on actual costs within a particular community or region. In developing the allowance, data about the nutritional food basket prepared annually by local health units and the average rent data prepared by the Canada Mortgage and Housing Corp should be considered."

The rationale that the jury gave for this recommendation was to ensure that social assistance rates are adequate and that they are adjusted annually, if necessary.

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The data that is referred to in that recommendation was presented to the jury. What they showed was that average rent costs in Ontario are significantly above the shelter portion allowance of Ontario Works benefits and also Ontario disability benefits, and the cost of food and other necessities is significantly above the basic needs allowance that is provided to people on Ontario Works.

At page 4 of the written submission I have provided, you'll see a breakdown of the current maximum shelter allowances under Ontario Works. For a one-person household, it's \$325 a month; for two people, it's \$511; for three people, it's \$554; and for a four-person household, it's \$602. When you look at the ranges of average rents across the province, you'll see that these allowances are significantly below even the lowest average range per city.

Faced with this reality, many individuals and families on public assistance have no choice but to use their basic allowance to pay their rent. In Ms Rogers's case, although her rent was lower than the average cost of a one-bedroom apartment in Sudbury, it was still \$125 more than her shelter allowance. So in order to pay her rent, she had to use most of that \$195 basic needs allowance toward rent, which meant she had little left over to buy food or any of the other necessities.

With respect to the cost of food, the 37 public health units in Ontario are required on a yearly basis to complete something called a nutritious food basket survey. They price 66 nutritionally balanced food items, and then they use that data to report on how this information is used to promote and support policy development that would increase access to healthy foods.

In 2001, when Ms Rogers was pregnant and on public assistance, the nutritious food basket survey conducted by the Sudbury and District Health Unit reported that a pregnant woman in her age range and at her stage of pregnancy would need \$30.15 a week to eat a healthy, balanced diet, and that translates to approximately \$130 per month. As I already said, in her case, she had only \$18 left. She had to sue the Ontario government to get that \$18, because her benefits had been cancelled.

The medical officer of health for the Sudbury health unit testified at the inquest. What she said—and I'm generalizing what probably came to about two hours of evidence—was that poverty affects health, not only on the individual level but on the societal level as well. So the more financially secure an individual is, the healthier, in general, that individual is, and the more equally that wealth is shared, the higher the overall health status of that community. The conclusion is that the costs that may be saved by not providing adequately in the present will translate into higher medical costs for the province in the future.

People on public assistance in this province are unable to meet the costs of basic necessities like rent and food. That is absolutely clear. Unless public assistance rates are increased to reflect the actual costs of rent and food, we are condemning those who are the least able to carry the burden of fiscal restraint. Their health and dignity may depend on whether or not they can keep a roof over their head and put food in their stomach. The provincial government can alleviate this burden by raising the rates of public assistance to place them in line with reality.

That's my submission. Thank you.

The Vice-Chair: We have about three minutes per caucus for questions, and under our rotation I will start with the NDP.

Mr Prue: Anne Golden reported on poverty some years ago now, maybe five, and she suggested in her report, which was adopted by the city of Toronto, that welfare rates for housing should be 85% of the average rate in each of the towns. I think the rationale behind that was maybe trying to find some of the cheaper rents rather than the average. Would you agree with that, because that is slightly different from what you're suggesting?

Ms Kurke: I'm here to present what the jury recommended. I think there is also mention of that 85% in the Ontario Alternative Budget with respect to this, and that's the perspective that group has on it as well. I think raising the shelter component to 85% of average rents certainly makes it easier for people, so they're not taking as much out of that basic needs allowance to pay the rent. It would be a wonderful way to start.

Mr Prue: Twice now, I have participated with the Daily Bread Food Bank, trying to be on a welfare diet. The last time it was down to \$12 for a week. It's very difficult. Even \$30 seems kind of marginal to me in terms of good-quality food, particularly if you're from a rural or isolated place around the province. I know that when I went to Attawapiskat, potatoes were \$10 a bag. Is this something that also should be regionalized?

Ms Kurke: That's certainly what the jury recommended. The public health units in different jurisdictions do this pricing annually. So you will see variations in what it actually costs to eat a healthy diet, depending on where a person lives. In Sudbury, fortunately, people don't need to pay \$10 for a bag of potatoes—at least not yet—so it is relatively inexpensive compared to some of the more remote northern communities.

Mr Colle: Thank you for your presentation. As you know, we have moved to repeal the lifetime ban, and I hope we can move quickly on the other recommendations—you have some of them in your paper. I hope we can do that as quickly as possible.

We've had a lot of deputations from mental health organizations. What component of the problems people have or the poverty issues you deal with are a result of people being partially disabled or are health-related or have more to do with their inability, either mentally or physically, to take care of themselves? I know that even in the case of Kimberly Rogers, she was also in poor health when she was on assistance.

Ms Kurke: I can speak from experience, having worked in a legal clinic for almost nine years. What we

are seeing more and more is that the people who are on Ontario Works welfare benefits in Sudbury are people who have fallen through the cracks, and it's not a simple answer about why they are there. There are some who are only on public assistance very briefly and manage to avail themselves of some of the services there to find work and get off the system. But there are others who stay on it chronically.

In our clinic, we saw a dramatic increase in the caseload of people trying to get on to Ontario disability benefits. In fact, we were overwhelmed by the service demand in that regard. Currently, a lot of the people in our jurisdiction who are on Ontario Works have some medical problems. They have some other very complicated social problems. Being on the system actually aggravates those problems, so you end up with a situation where, as much as someone might genuinely want to better themselves, because they don't have enough in their stomach, because they live with the stress of perhaps being evicted at any given moment because they can't pay their rent, that actually exacerbates the problems they have. So more and more people who are on Ontario Works are actually developing, in my experience, the kind of mental health issue that becomes chronic.

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Mr O'Toole: Thank you very much for your presentation and for bringing light to an important and tragic event. I would say that sometimes it's not a matter of blaming, in my estimation; it's really a community of people who need to be there so these tragedies don't happen. The money issues are extremely important.

I want to comment and then ask a question specifically. On the first day of hearings we had Hugh Mackenzie, who you might be familiar with, or maybe

not, but I expect you are.

Ms Kurke: I've read some of his things.

Mr O'Toole: You should read the one he submitted to the committee, because it's quite fascinating. He uncovered the complete charade that was going on during the election. Very succinctly, he said that all experts knew there was a considerable deficit. Then—surprise—the instant the election was called, in fact that night, he acknowledged the weaknesses of the economy, even though he promised \$6 billion. It's about integrity and honesty, and this is what we're trying to do here.

Then he went on to outline their four-step strategy to deal with it. Step one is shock and dismay, which they've done. Step two is independent verification—that's Erik Peters. Step three is to maximize the bad news, which is nearly \$5.6 billion—every door we open, every rock we turn over. Step four is to dampen expectations, which is what this is about, because no money has been committed to health care and education; it's a lot of platitudes and niceties. It's worth reading how he disclosed that. It's excellent. He's a very intelligent guy. This is it. This is the secret road map. He found it. It was all bunk: \$6 billion is what they promised, and they can't do it.

I've looked at what you're saying. What could they do to strengthen the empowerment of people by programs

like Ontario Works? At the end of the day, the dignity of a job is really the most important thing. It's not the cheque; it's the empowerment of people with Ontario Works retraining or whatever it is. We need to fix that. What do you think they should do to invest in that program to make it more successful?

Ms Kurke: I think the rates of assistance have to be

raised. Money is like a sixth sense.

Mr O'Toole: What did they promise in their campaign? Do you know what they promised during their campaign?

Ms Kurke: It's my understanding that there was a promise by the Liberal government to raise the rates of assistance. I think there wasn't anything very specific about by what amount.

Mr O'Toole: How much are you expecting? That's what they need to know.

Ms Kurke: What I would like to advocate for is to immediately reinstate the 21.6% that had been cut.

Mr O'Toole: The researcher will give us that number.

Ms Kurke: Mr Mackenzie also wrote a paper with

respect to social assistance issues and also recommends that. You've already highlighted his competence.

Mr O'Toole: I don't want to carry that too far. I think this particular paper is a definitive discovery, as far as I'm concerned. Hugh and I might agree with what the destination is, but we might disagree on how we get there

Ms Kurke: There's one other thing: What got Kimberly Rogers in trouble in the first place was that she went to community college and applied for and obtained OSAP assistance while she remained on welfare benefits. The welfare benefits were not adequate for her to survive with, and OSAP is not adequate. So you can see how there might have been that temptation.

I think what we need to do to help people get out of the trap of poverty is do as much as can be done to assist them to get the education, because then they become much more able to compete out there in the job force. But you've got to give them enough money to do that, enough to eat properly so their brain is functioning and they're not worried about the stress of where the next meal is going to come from.

I think some consideration needs to be given to allowing people on public assistance to collect student loans and remain on public assistance if they happen to be in the category of people who are considered poor.

Mr O'Toole: Maybe the researcher could get us that number too: what it should be when they're taking training, maybe \$25,000 a year or something like that.

The Vice-Chair: Thank you. The committee appreciates your input this afternoon.

AIDS COMMITTEE OF TIMMINS AND DISTRICT

The Vice-Chair: Now I call upon the AIDS Committee of Timmins and District.

Welcome. You'll have 20 minutes for your presentation.

Mr Dan Goulet: My name is Dan Goulet. I'm the president and founder of the AIDS Committee of Timmins and District. I had somebody put something together for me on the first page.

"The AIDS Committee of Timmins and District was the project of Dan Goulet, a person with HIV who found himself alone and without resources after he was diagnosed in" 1995. "The medical community could not provide the support and direction that he needed and he was unable to travel to Sudbury, the nearest centre.

"Dan started the committee in his home and found that it gave him purpose and focus. He went public with his diagnosis and homosexuality and to his surprise, he found that there were indeed people in the district who understood his difficulties (apart from the infection) and wanted to help."

We live in northern Ontario, in a sparsely populated region of less than 100,000. It's hard to find a voice when there are hundreds of thousands elsewhere with their needs and projects. We were fortunate to qualify for a Trillium Foundation grant over two years. The office was established in a residential area and a team was able to travel and speak out about HIV and AIDS and to raise awareness.

When does a high school student get to meet a person with HIV or a family member of such a person? When does a teen in a group home in a small town have the opportunity to speak one on one with someone who has this disease called HIV/AIDS? When does a mother whose son is ailing with AIDS in southern Ontario have the opportunity to speak to another son about what she should do to support her son and understand this disease? When do you really find out that it is okay to share a table and shake hands with someone with HIV/AIDS?

We must continue to have some form of support for those infected and affected by HIV/AIDS. This is a disease that will not go away and cannot yet be cured; and, ves, it is in our community.

Our little committee has done what seemed impossible. It was the fourth attempt to form a group in the area and it is the only agency of its kind in Timmins. We have liaised with school boards, churches, community groups, health agencies and the public in general. The inroads that have been made cannot be lost. Northern Ontario residents must be able to return to their community to be with their families when they need support during the lengthy course of the disease.

It's not so much about health care; it's people care. We are prepared to scale down and do whatever it takes to survive. Our most important components are personal support and education, education, education. Through education comes understanding and hopefully gaining tools that help us to make the right decisions for ourselves and for others.

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Because of the cutbacks, it's kind of hurting our education, our health care. It's very important when it comes to health. With the AIDS committee, because of the cutbacks, as of March we have to move our office back into the home because there is no funding for us to run our office in an office space. Our budget for rent was \$6,000-something a year and right now our funding is running out. What do we do?

I have done talks in schools to 1,200 teens in one day. The kids in the schools are tired of the videos, and hearing it from a person living with HIV has a big

impact. The message is sinking in.

I cover all the way to Hearst, New Liskeard, Cochrane. We go into detention homes andso on. I'm a volunteer with the organization and it's very important that we are able to get some kind of funding because education and health are very important out there. It's hard to do things when you have no money to do it. I don't know what else to say.

The Vice-Chair: Would you like to entertain questions, then?

Mr Goulet: Sure.

The Vice-Chair: That would be great. We have about four minutes available per caucus. Under the rotation, we would start with the government.

Mr Colle: Dan, I was just quickly going through the presentation and I think you've done some great work here. It seems to be single-handedly AIDS walks and sessions at schools. I think it's the type of volunteerism that is really needed out there. I just want to make sure you understand that we do appreciate the kind of effort you're putting into it. I hope you continue and I hope we can find ways of perhaps restoring some of that funding.

Where did you get your funding before? Where did that come from previously?

Mr Goulet: I started the organization in 1998. I ran the organization until two years ago with just fundraising in the community, and the community helped us out. Our funding came from Trillium. We got funding for two

Mr Colle: Start-up funds?

Mr Goulet: Yes, to finally get into a space. Other than that, we've just done fundraising. It got to some point before the funding that I sold a few personal things because of the lack of funding out there. I had a hard time getting funding from anybody.

Mr Colle: Has the organization asked for any funding from the Ministry of Health or the Ministry of Education?

Mr Goulet: I tried the AIDS Bureau. They said they had no funding for new organizations. We're not new, but because we started in 1998, there was no funding there, and they keep closing the doors on me. Other than that, we tried for ACAP last year but we didn't qualify.

Mr Colle: What is that?

Mr Goulet: It's another government—

Mr Colle: OK.

Mr Goulet: But we were refused, so we didn't qualify last year. It's coming up again in March. But if we apply for it and if we get accepted, that's only in 2005. So what do we do in 2004?

Mr Colle: We're going to have to ask for more funding for research here, but if we could just try and find a direction of where a local AIDS committee like this would go through the government bureaucracy to seek some funding—if we could find those for you and at least get back to you. Have you been in touch with your MPP?

Mr Goulet: Gilles Bisson. He's quite involved in the organization.

Mr Colle: I'm sure he has knocked on a few doors

Again, we appreciate your coming here today. You're doing great work, it's necessary work and you shouldn't have to do it without any support. Thank you very much.

Mr Miller: Thank you, Dan, for coming before the committee today. It looks like a lot of the work you're doing is educational, working toward prevention and making more people aware of HIV/AIDS. Is that correct?

Mr Goulet: Yes. The thing is, we had some families that were scared to come into the organization when we were at our other location, and because we're in a residential area, we've got people coming in now and we've

got people calling.

The thing is, if they're not able to come, we go to the home sometimes because they're not well enough to come to us. We're able to help them get to proper channels for housing; we try to help them with getting set up with ODSP, different things. It's really hard to do things when you're worried about where you're going to be the next day. I don't mind doing the work I'm doing. I've dedicated my time from day one and I still will. But you're living it, you're working it, and now it's got to come back into your home. So it's 24 hours of AIDS. Having an organization out of the home would be a great asset for us, because it's not easy living with the virus.

Mr Miller: How many people are involved with your

AIDS committee?

Mr Goulet: We have a board of 12. We do functions with the First United Church. We do functions with different organizations. We're involved in the native community. We go to youth detention homes. We work with a lot of organizations all over Timmins and the district.

Mr Miller: How much was the Trillium funding that

you got a couple of years ago?

Mr Goulet: The funding we got was \$100,000 over two years. We had a paid employee. Once our funding runs out, we'll have nobody. Then it's put back on to my shoulders again to do the work.

Mr Miller: How big an area are you-

Mr Goulet: We cover from Timmins to Hearst. We cover up to Foleyet, Gogama, all the way to New Liskeard and Cochrane. We cover quite a few communities, almost 32 communities, I think.

Mr Miller: A lot of your work is educational, but then it's also assisting people who have HIV or AIDS.

Mr Goulet: That's right.

Mr Miller: How big a problem is that in the area?

Mr Goulet: It's hard. Sometimes there's a person in Kapuskasing who needs something—and it's hard for them to come here. Sometimes it's hard for us to go there

because we don't have the funding to get there. It costs money for gas; it costs money for this.

Mr Miller: But in terms of the numbers of people who have AIDS or HIV, any idea of how big a problem it is?

Mr Goulet: I'm not sure of the numbers because some people from Timmins get tested in Sudbury, so it's hard to—

Mr Miller: It's hard to know.

Mr Goulet: In my opinion, there are about 20 to 25 in Timmins and district, but it's hard to say, because when you get tested in Sudbury, your thing goes to Sudbury or Toronto.

Mr Miller: Thank you for coming. I know Toby wanted to ask something as well.

Mr Barrett: I just want to compliment you on the package and the information on educational programs. So much of what I feel is key is obviously disease prevention and health promotion and if you can continue to tie in, say, businesses and industry throughout the area here with the health care sector. Your media coverage looks very, very good. I think that's key. We've seen other successful programs in the north like anti-drinking-and-driving programs 15 years or 20 years ago. Continue to follow that model. I think there's a payoff.

Mr Goulet: OK. Thanks.

Mr Prue: Thank you very much. Before I forget, Gilles will be back later, but he said to say hello.

Mr Goulet: Thanks.

Mr Prue: I take it from what you have described so far that you have never received government funding from the province of Ontario.

Mr Goulet: No.

Mr Prue: Have you ever received any funding from the city of Timmins or its health unit?

Mr Goulet: No, nothing.

Mr Prue: Nothing from them. Might I suggest—I don't want to burden the city of Timmins—many cities, larger municipalities, fund AIDS groups like yours either directly or through their boards of health. I know that Toronto does that, and I know that's a great big place. I was on the board of health, and might I suggest you do that.

I also have a question, though. I was just leafing through this as rapidly as I could. There are several stories about the increase of AIDS in the north getting quite staggering. I saw one newspaper article that said that in the native population the incidence of AIDS has increased by 91%. Are you the only AIDS group in this part of the world? Are you the only one who gives out information?

Mr Goulet: The only other AIDS organization would be Sudbury and North Bay. I cover the rest. The AIDS committee covers the middle of the district, where there is nothing. It's kind of hard to do things when you don't have the proper things to do it with. With the cutbacks, it really hurts different organizations. It hurts the AIDS committee, but other organizations in—

Mr Prue: We've heard from a whole bunch of them, but this is a staggering, worldwide health problem. It's

devastating sub-Saharan Africa. It's just devastating. I don't want to see the same thing happen in northern Ontario or to our native population. You are it. So if this government, or any recommendation we might make to fund either the city that could, in turn, mentor you or do whatever they do, this needs to be done, in my considered view. Would you agree with that?

Mr Goulet: Yes, I really do, because something has to be done. You can only do so much, but something's got to be done with the health care and the education because it's very important. AIDS is a big thing. It's not going to stop. Something just has to be done with it.

Mr Prue: When you first started, I would imagine it was little bit difficult getting your message out in this community. Would I be mistaken in thinking that?

Mr Goulet: It was really hard to do anything. I knew nothing about HIV and AIDS. Being diagnosed with it, I was given a death sentence because there was nothing in Timmins for me—no support, nothing. I went through heck. I snapped out of it and I called the Toronto People with Aids Foundation. I became good friends with someone there. I went to a conference in Quebec City and I educated myself to the best I could. I told Dr Malo in Timmins and a few health nurses that I want to start an organization because nobody should have to go through what I went through. That's why it's fairly important to have an AIDS organization in our community, because someone's got to do the education. With money or without, I will not give up on it. I will do what I have to do to keep this organization going and educate my community because it's very important.

The Vice-Chair: You had a point of order, Mr Peterson?

Mr Peterson: No, just—are you satisfied with the quality of the medical care here?

The Vice-Chair: Just a brief response.

Mr Peterson: There are a few fabulous new cocktails out for AIDS victims. Are you accessing that information?

Mr Goulet: Yes, I've accessed a lot of it. I've been on almost every drug that's out there. Right now there's a new one out in the States and I've just signed myself up for it because all the other drugs that are out there haven't done a thing for me.

The Vice-Chair: The committee thanks you for coming today.

JAMES CHISHOLM BARRY SIMPSON

The Vice-Chair: I call on Dr James Chisholm, please. Good afternoon and welcome to the committee. We would ask that you begin by identifying yourself for Hansard.

Dr James Chisholm: I'm James Chisholm. **Dr Barry Simpson:** I'm Barry Simpson.

Dr Chisholm: I brought Barry along as moral support and, I hope, to answer questions. I think what I'll do, hearing the others present, is forget about the preliminary stuff that I wrote on the first page. You know you are welcome to Timmins and all the reasons this is a great place. It's in the report here.

I graduated from optometry in 1954. My home was originally Ingersoll, near London, and I came north in steps: first to North Bay working for a fellow, then I came to Timmins and established my practice and got married. I have four children: two optometrists, one family physician and one OPP officer in the Toronto area.

I hope that I can prove to you that optometrists need a substantial fee increase for their OHIP services.

I'm a member of the Ontario Association of Optometrists, which is a voluntary professional association dedicated to improving the profession through education seminars and educating the public about the necessity and importance of a professional optometric eye examination. This association represents 90% of all Ontario optometrists. I believe they've made presentations to you over the past.

Optometry is a primary care profession seeing more than three million patients annually. We certainly do eye examinations to correct myopia, hyperopia, astigmatism and presbyopia with eyeglasses or contact lenses, but we are also concerned and examine patients for eye-related diseases or complications from conditions like glaucoma, cataracts, macular degeneration, retinal detachments, and diabetes, to name only a few. Optometry is the most accessible profession to patients who complain of various eye problems in small-town or big-city Ontario. Many are then referred for further medical treatment when necessary, and family physicians often ask our opinions on red eyes simply because we're more easily accessible.

We are few in number when compared to other health professions. There are 1,300 of us in Ontario, but we are a necessary prime source of health care for millions of patients and we deserve to be treated fairly by the Ministry of Health, not ignored. We have been ignored by the ministry for 15 years.

Our fee for eye examinations has not increased for 15 years, although during our examinations we are checking for more conditions now than we did years ago. I am sure you would not be happy if your wages did not increase for that long a period. The cost of living has increased, I would guess, by 40%. Things like hydro, telephone, business, taxes and staff salaries have certainly increased, so we are losing money on our diagnostic services.

I've been an optometrist for 50 years and I've been able to acquire new and necessary instruments over the years as concern for things like glaucoma became apparent. But a young person starting a practice today is really in a tough situation since the examination fee of \$39.15 will not cover his chair cost, which is the cost of having a person come into your office for an eye examination. Our fees are ludicrous when compared to other provinces and to our American peers.

In 2002, the cost to examine a patient's eyes, the chair cost, was \$55.60 in one office. This is the base cost of service with no return to the optometrist. Diagnostic services should be financially viable to allow us to obtain state-of-the-art instrumentation to diagnose such things as glaucoma and other health concerns. This is not now the case.

The young optometrist has to finance the purchase of instruments, furniture, rent, and perhaps pay off a student loan. He has still not made any take-home pay from the fee for the examination.

It costs at least \$59,000 to buy a minimum amount of instrumentation to begin a practice, plus another \$30,000 to be able to diagnose and follow glaucoma patients, depending on the instrumentation that is purchased. Add to that the cost of computers, office furniture and supplies, and waiting room furniture, and the total certainly climbs. Those of us who dispense frames have fees which are controlled by market forces and give better value to the patient if we compare quality materials. The diagnostic side of our practice has fees which are woefully behind.

It was really simple when I started practice a long time ago, but as the science of eye care has advanced, so too has the education, training and scope of practice of optometrists. Today, OHIP-insured optometry services include the assessing and correcting of visual problems, the diagnosis and management of eye diseases, and the diagnosis and management of eye problems related to systemic diseases such as diabetes.

We need a substantial increase in our fee, or perhaps we should be able to balance-bill the patient. The answer often given is that these are hard times, but that, in my opinion, is baloney. There always seems to be money for programs deemed necessary by the government in power. As a matter of fact, an increase in optometric services was proposed by the OHIP optometry schedule review commission to the Ministry of Health and Long-Term Care in 1999. Again, nothing happened.

I have another concern and that's, for me, the fee paid for glasses by the Ministry of Community and Social Services under the Ontario disability program. It has not been increased for years and some members of the profession have wondered if they should stop serving these vulnerable members of the Ontario public. This has not happened, since members feel our professional duty to the vulnerable group is more important than financial considerations. This again is a sign of an unfair, uncaring government.

The association has tried to be professional and fair over the years and not try to mobilize our patients, but I get very angry when the resources of my association, which means my dues, are being used to meet and lobby government to no avail, or answer some bureaucrat's request.

Nothing has been resolved for 15 years, even after all my association's work. Members of the profession have left their offices, losing time and money to meet with the government to plead for fair remuneration, to no avail.

No pleading should be necessary if fairness was the criterion. Perhaps the golden rule could be a good guide to government.

Please remember, millions of our patients need us, and it is time to do the right thing: Recommend a substantial increase in our fee, or allow us to balance-bill an increase over the OHIP fee to the patient.

1530

The Chair: Thank you. We have approximately four minutes per party, and we begin with the official opposition.

Mr Miller: Thank you for your presentation. I just want to be clear: So the fee that you get paid is \$39.15 and hasn't increased in a number of years. You say the chair cost is \$55. So does that basically mean you lose money on each person who comes?

Dr Chisholm: That's right. Yes. I don't lose as much money as that because I didn't put it down there. We have an office of three fellows all the time, and so the number of staff needed to support the diagnostic services is not as great as if it's either two fellows in the office or one fellow. We have four girls looking after that end of our practice. The way the chair cost works, you take the part of the rent of that part of the office, plus the staff for that part of the office, and try and work out something with—

Mr Miller: The overhead costs. Also, just so I understand what you get paid for—I do use contacts myself and since becoming a politician, my eyes seem to have gone downhill dramatically; it could be from looking at things like this all the time, or old age, one or the other.

Dr Chisholm: Don't blame politics.

Mr Miller: Is it one checkup every two years that's currently covered?

Dr Chisholm: Yes, it's one checkup every two years between ages 19 and 64. Kids can be checked every year, and seniors like me can be checked every year.

Mr Miller: OK. Because actually, I did go in between, I guess, and discovered that it—

Dr Chisholm: You had to pay it yourself.

Mr Miller: Which I did. So at this time, you basically don't extra-bill or balance-bill. Ideally, you'd like to have an increase in the amount you get paid, or be able to balance-bill, as you say, to cover that extra cost. When I decided on a checkup in between years, you can charge whatever you want for that one?

Dr Chisholm: We charge \$60. I think Barry does too. Most of us charge \$60 for an examination if you're not covered.

The other thing I guess we should mention is that seniors over 80, as you know, have to have their eyes checked and OHIP won't pay that bill either because it's demanded by a third party. So they pay for that checkup.

Mr Miller: What's the ODSP fee for glasses? You mentioned that it hasn't increased. How much is that?

Dr Chisholm: Just to give you an idea, the single-vision lens fee is \$37.60, and our fee at the office is \$89.

Mr Miller: OK. Very good. Would you folks like to ask any questions?

Mr Flaherty: Sure. Thank you very much, Mr Miller. The Chair: You have about a minute.

Mr Flaherty: I have about a minute. All right. I'll talk fast.

A lot of the services that are performed by optometrists are also performed by ophthalmologists, I believe.

Dr Chisholm: That's right.

Mr Flaherty: What's the cost saving for an optometrist?

Dr Chisholm: I don't know what they get paid for their eye examinations, to be honest with you. Most ophthalmologists don't refract because they're too busy doing the medical procedures.

Mr Flaherty: What I'm getting at is whether we can form any estimate. Maybe we can research this about what the additional cost to our health care system would be were optometrists not to perform the services that they do perform to about three million patients annually in the province of Ontario. I think we have to look at the health care system as a whole and do some of those comparators in order to intelligently appropriate resources.

Dr Chisholm: We have to check for things like glaucoma, diabetes and all those things simply because the college, for one thing, said so, and if you don't, then you're liable for lawsuits. These things were not even known when I got out of school, but they've all come to fruition in the past few years.

Mr Flaherty: What I'm getting at is that if every patient of an optometrist in Ontario had the same service performed by an ophthalmologist, what would the increased cost be to the province of Ontario?

Dr Chisholm: I don't know what their fee is. I have no idea.

Mr Flaherty: Could I ask research?

The Chair: Before we move to Mr Prue and the NDP. I want to point out to members of the committee: We have a considerable number of requests upon research. Some of them have become quite voluminous in nature. I want the committee in the future to consider the length of time that it would take research to provide you with all the answers as well. I know your intentions are good to discover information. Could you keep the scope of your requests to a very narrow range and consider that we need an appropriate amount of time to fulfill all the requests coming from the committee. We have a reportwriting stage that has to be submitted, and research has to have that done prior to that. So I'd just ask you to consider your requests for research. They are quite voluminous to date and I think the committee is quite aware of the number of dates we have left on our schedule.

I'll now move to Mr Prue and the NDP. You will get your four minutes.

Mr Prue: I don't know if I'm going to need it all. We have heard similar presentations from some of your colleagues in other cities, so I want you to know we've had a handle on this already. My understanding is that you attempted to negotiate with the previous government around the raising of the fees last summer and nothing happened to that.

Dr Chisholm: That's right. That's what I'm told, anyway, by the association at our annual meeting, and nothing happened. They demand more information, and finally, after umpteen meetings—because the cost is pretty horrendous. Our dues now to belong to the Ontario association are roughly \$2,400. So the costs are pretty horrendous if they keep sandbagging you, and that's what they seem to be doing.

Mr Prue: What do optometrists get paid in other jurisdictions in Canada?

Dr Chisholm: I didn't look that up, and I should have before I made that statement.

Mr Prue: I just wonder. We're probably a couple of hours' drive, maybe a bit more, from the Quebec border. I wondered what somebody in Quebec might make doing this kind of work.

Dr Chisholm: I'm not sure. I can't answer that. Sorry. I'll find out, though.

Mr Prue: I'm not going to burden the research officer.

Dr Chisholm: I'll find out and send it to you.

Mr Prue: Perhaps you could have the optometrists tell us that kind of information.

Dr Chisholm: Yes, sure.

Mr Prue: What kind of increase do you think would be necessary for the average optometrist to be satisfied that they are at least getting their money back from the system? Are they looking at a \$50 fee?

Dr Chisholm: Yes, I think they'd be looking at a \$50 or \$55 fee.

Mr Prue: And that would be just sort of to break even?

Dr Chisholm: Yes.

Mr Prue: You've made the case very well here in terms of inflation over all of these past 14 or 15 years. That's a long time to not have any additional monies. One optometrist came and told'us that she actually loses money on her practice and the only way she makes any money at all is that she's sidelined into selling glasses and frames.

Dr Chisholm: That's right, yes. I agree. We all survive that way.

Dr Simpson: There's no other way.

Mr Prue: But the actual service that you provide, looking into—I've done it a couple of times, as you can see. You lose money on that.

Dr Chisholm: That's right.

Mr Prue: This is probably the only profession I know of in the world that loses money on its profession.

Dr Chisholm: And makes money on the other end.

Mr Prue: And still continues to do the first part. It's pretty amazing.

Mr Bisson: That sounds like my optometrist.

Mr Prue: Have you applied for mediation? Have you attempted to get somebody to mediate, to sit down with Ministry of Health officials to—

Dr Chisholm: I thought they had, but it was a no-go situation. They refused mediation.

Mr Prue: Who? The previous government?

Dr Chisholm: I'm assuming that. I don't think it would be this government. They haven't had time.

Mr Prue: But I would hope that you hope this government will not refuse mediation.

Dr Chisholm: I would hope so.

Mr Prue: These guys, you think, are kinder and gentler, right?

Dr Chisholm: I hope so.

Mr Prue: I hope so too. Those would be my questions.

Mr Orazietti: Thank you for your presentation. I would just ask you to comment and follow up, somewhat similar to what Mr Prue was asking. We have heard from other medical professionals at various locations in the committee hearings about the exodus of physicians, for example. Do you have any information on the number of optometrists who may or may not be leaving Ontario, and are there any recruitment efforts by your association to bring additional optometrists here? And I guess I'll leave you with one more question: How restrictive is the association in terms of allowing optometrists from other jurisdictions to come and practise in Ontario?

1540

Dr Chisholm: The college does that. The college was—this is 15 years ago—very strict and bigoted, I guess you would call it, with people coming from outside the area, but they have mellowed a bit and now there is no real barrier from the United States schools and some of the European schools. As far as I know, there is no barrier. They have to pass their boards, but that's—previously they were being failed horrendously, but now they're not.

Mr Orazietti: I guess they've recognized the pressures as well.

Dr Chisholm: They recognized the need, yes.

Mr Orazietti: We heard the comparison with chiropractors from one of your colleagues in Windsor in terms of the ability to additionally charge fees. Is that something your—

Dr Chisholm: That's something, yes. We've always

admired them for being able to do that.

Dr Simpson: If the government can't afford to pay what an eye examination is worth, then we have to be able to get the money from somewhere. So balanced billing is what we're proposing if the government can't afford it.

Mr Orazietti: Are there any other suggestions that you'd like to put on the table for the committee to consider, either the fee increases through OHIP or additional surcharges left to the individual optometrist to determine?

Dr Chisholm: I think the talk is that you almost have to double the fee, but let's say \$50 or \$55 is a good start.

Dr Simpson: We've been at this for 15 years, so we've had a chance to negotiate with all three governments and we've run into the same walls every time. It's, "Do a study and get us this information," and that will take six months, and then it will take six months to get another meeting. Then it will be, "Oh, we've got a new

Minister of Health now so we have to go back and start again," and then, "We're going to have an election," and then, "We've got a new government," and it's back again. The same thing has been happening for 15 years. In 1999, we did finally get somebody to do a study, and they recommended a very large increase in our fees, but that was a recommendation that wasn't acted upon, of course.

Mr Orazietti: Just back to the first question for a moment, do you get the sense that optometrists are leaving or coming to Ontario? Do you have any idea?

Mr Bisson: What was that? I didn't hear the question. Sorry.

Mr Orazietti: Do you get the sense, when asking the optometrists, whether or not they feel there are optometrists being attracted to this province? I guess that gets back to what Mr Prue was saying with regard to the fees. Do you have the sense that there are additional pressures because of shortages or that optometrists are leaving and going to other jurisdictions like the United States?

Dr Chisholm: Some are leaving. When my boys graduated, some stayed; some went to the States. So some are leaving. We don't feel we really have a

shortage, do we?

Dr Simpson: Well, it's getting to the point where the average age of optometrists in Canada, I think, is somewhere around the early 50s right now. Many of the younger people who are being educated right now are going to the States because there is only one English-speaking school in all of Canada, and that's the University of Waterloo. They have just upped the number. They used to graduate 60 a year and they're up to 75, but they feel that number is not going to be enough to provide services for the country. Many are going to the States and paying the extra money to get educated there because that's the only place they can get in, and they're staying there.

The Chair: Thank you for your presentation this afternoon.

NORTHEASTERN ONTARIO HEALTH COALITION

The Chair: I call the Northeastern Ontario Health Coalition to come forward, please. Good afternoon. You have 20 minutes for your presentation.

Mr Ben Lefebvre: Thank you, Mr Chair. My name is Ben Lefebvre. I'm co-chair of the Northeastern Ontario Health Coalition. Unfortunately, my fellow co-chair hasn't been able to make it here, and I'll allude to that a little bit later on in my presentation. I also beg your indulgence. I know it's been a long day for each and every one of you and I hope you'll pay special attention to this presentation, because they always save the best for last.

The Northeastern Ontario Health Coalition has been in existence for the past three years. We are affiliated with the Ontario Health Coalition, which of course is based out of Toronto. As community activists, our membership

came together to address perceived attacks on our health care system by private service providers, seemingly aided and abetted by both senior levels of government.

Our mission is to spread the word to residents of northeastern Ontario to help raise awareness about what is at stake for them and to provide information with regard to how they will be negatively affected as our publicly managed health care system becomes ever more privatized.

The Northeastern Ontario Health Coalition believes in the principles of the Canada Health Act. We fully support the Romanow commission report on the Future of Health Care in Canada delivered to the federal Liberals last November. Let me make it clear right off the bat that we are totally against any extra-billing for any health care service provided in Ontario.

The five basic principles of the Canada Health Act are accessibility, universality, portability, comprehensiveness and public administration, and we all know that Romanow recommended adding accountability as a sixth principle.

The Northeastern Ontario Health Coalition recognizes that governments have taken some liberties with the guiding principles of the Canada Health Act and have stretched its meaning through interpretations of their own to suit both their political agenda and financial circumstances. It is our opinion that the act has not been enforced the way it should have been. We also contend that our health care system has been badly underfunded by all levels of government.

We are very concerned that so little has been done to address the 47 recommendations contained in Mr Romanow's report. Although there have been some encouraging signs of progress lately with the recent financial commitment by Ottawa, we believe that it is taking far too long to institute many of the other important initiatives such as the establishment of the Canada health council.

Ottawa must do more to repair the damage done to our precious health care system, as must our government at Queen's Park. It needs more than an occasional shot in the arm; it needs long-term funding commitments from all levels of government. This necessarily includes municipal fundraising activities, which are so necessary to supporting the local health care field, and full democratic participation both on local hospital boards and on community care access centres, which of course had been denied by the previous government.

The system requires political will, not only to maintain but to make the improvements demanded by the residents and taxpayers of this province and of this country. Our health care system has become the number one priority of the people for very good reasons. It defines us as Canadians and affects each and every one of us in one way or another at some point in our lives.

The Northeastern Ontario Health Coalition believes that Ontario can play a pivotal leadership role in Canada's overdue health care reforms. We did not support the direction our last provincial government was taking in privatizing many services within the health care field and we will not support any government efforts to further undermine this valuable social program.

There is sufficient evidence from around the globe to prove that the direction Ontario has embarked upon simply does not work. Privatization in the health care field costs more and provides less service to those in need of medical treatment. We believe in the principle of universality, where everyone is treated fairly and equitably, where need, not money, gets you the best medical service available in the shortest time possible. Perhaps more importantly, we firmly believe that our health care system must remain in public hands, not only in terms of who pays for that health care but in terms of who actually delivers those services.

Ontario's public health care system is massive, yet it continues to provide some of the best care in the world. This alone speaks volumes for the dedication of those who are still working within the system. However, the crises manufactured by both senior levels of government through 10 years of budget cuts are taking their toll. The negative results of failed management policies are evident throughout the system.

There has been a huge out-of-province exodus of qualified health care workers, particularly nurses, over the past 10 years. Attempts at bringing them home from other jurisdictions have been painfully slow, if not a complete failure. While money was perhaps a primary contributing factor leading to this loss of personnel, the loss of dignity and respect was and continues to be equally important to health care providers. By and large, those who work in health-related fields are dedicated individuals who want to deliver the best possible care to those they serve.

Reduction in personnel necessitated by these budgetary constraints has created a crisis for those who remain in the system. Too many hours of work, combined with high levels of workplace stress, have convinced many nurses to leave their chosen field altogether. Some have taken part-time work offered by the ever-increasing number of private service providers, where benefits and job protection are virtually non-existent. To get back to my co-chair, she happens to be a nurse within the system here in northeastern Ontario and she's gone sick today and unfortunately couldn't attend. Long, 12-hour shifts of course do tend to wear them down.

1550

Existing shortages of medical practitioners in remote areas of Ontario are totally unacceptable. Meanwhile, fully qualified foreign-trained nurses and doctors are on the sidelines, working outside their chosen fields while the College of Physicians and Surgeons of Ontario as well as the College of Nurses of Ontario throw up roadblocks to their integration into the system. Something must be done to correct this outrageous situation.

Obviously there needs to be more emphasis on training nurses and other health care workers to supply the demand of an ever-aging population of seniors and baby boomers. We need to be innovative in our approach

to fast-tracking the certification of foreign-trained professionals. We must look seriously at the possibilities that exist for training and deploying nurse practitioners particularly to serve the more remote areas of this province. But above all, we must give these people good reason to want to serve within the public health care system in the first place, in a system that respects their individual and collective rights, needs and skills.

The concept of community health centres has been fully examined and is well-established in certain regions of this country. The opportunities provided in these settings, where health services are supplied by a team of professionals on a 24/7 time schedule, are proven to be cost-efficient and medically effective.

The government of Ontario must be bold if it is to contain its health care costs while maintaining control of service delivery. We believe it can all be done within a public delivery system. The government can expect, and should receive, the full co-operation from health care professionals, their associations and their unions if the required negotiations are approached with open minds, sensitivity and good leadership, something that's been lacking in the last eight years in Ontario.

Although there may be excellent reasons why health care workers should provide essential services during any work disruption caused by a failed collective bargaining process, the use of back-to-work legislation undermines workers' rights and serves to frustrate all those involved.

Interjection.

Mr Lefebvre: I beg the Chair's indulgence. Perhaps this individual can keep his comments for later, when he can ask questions.

Unions are mature enough to understand budgetary constraints and are fully aware of the philosophical and ideological directions taken by governments that have resulted in the systemic crises we are experiencing today.

Collective bargaining principles must include the right to deny one's labour in the event that an agreement has not been reached in a timely fashion. Additionally, some mechanism must be provided where both sides would be bound by the ruling of a respected independent arbitrator who has been agreed upon by both sides in the dispute.

I would be remiss at this point to not indicate to the committee that I am a trade unionist, and as such I am pleased to report that the Northeastern Ontario Health Coalition fully supports the reintroduction of anti-scab legislation as a means to encourage the collective bargaining process in all workplaces in Ontario. Since the Conservative government got rid of the previous NDP legislation banning replacement workers in this province, or scabs, as we prefer to call them, there has been more time lost to strikes and other work disruptions such as work-to-rule methods than at any other time in provincial

Coupled with the right-wing ideology of the Harris-Eves regime, Ontario has become a beachhead for an anti-union, anti-worker agenda that the Liberals have now inherited. The Ontario government would be well advised to get off the track that has pitted it against the labour and social movements in this province. Its energies would be better spent fixing the mess they have inherited.

The Liberals campaigned on a slogan that it was time for change. The overwhelming majority of support Dalton McGuinty received from the electorate clearly proved that they want to see a real change in direction from this new government, not just a change in leadership with the same familiar agenda. I do not believe that the good people of Ontario want a Gordon Campbellstyle government, one that is prepared to sell off valuable public resources in a bid to balance the books at all costs.

The models that are most often cited as examples of efficiency in health care delivery simply do not hold up to scrutiny. Once you get past the glitzy sales pitch and the glossy reports put out by these would-be service providers and promoters of a privatized health care system, reality soon sets in. All these private health care providers want is unencumbered access to what they see as a growing industry in health care delivery in Ontario. All they really care about are the huge profits that can be realized for their shareholders, at the expense of the taxpaying public and off the backs of some of the most vulnerable in society, those who are sick and dying.

Public-private partnerships, or P3s, as we prefer to call them, have become very popular in Ontario over the past couple of years. We now have more private providers supplying services to our health care system than ever before. We have developers and speculators lined up ready to build hospitals and long-term-care facilities so that our government doesn't have to go into debt to finance such infrastructure. The P3 financing arrangements your government seems bound and determined to jump into are creating a false economy. The burden of payment will not disappear. In fact, it is simply being amortized over several years. Joe Public will still end up paying the going mortgage rate for the new facilities, plus a substantial profit margin to the project developers and their financiers.

Instead of reaping the economic benefits previously available through the issuance of secure government bonds that help pay down public debt incurred to build our existing publicly owned and operated infrastructure, it now appears that the Ontario government is preparing us for sacrifice on the altar of corporatization, much the same way the previous government did.

Are we to interpret that this government's acquiescence to the demands of the health care privateers is a repayment for past loyalties demonstrated through large corporate political donations? I would hope not. Surely corporations are clear in their single-mindedness to make a profit at all costs. Are we so naïve to believe that this is not so, or that they will limit their expectations to a reasonable and acceptable dividend level? I think not.

Private companies have been lining up to provide community care access centres with health care and other ancillary services to hospitals and long-term-care facilities such as laundry, cleaning and maintenance, while promising to reduce costs. The vast majority of these service providers are anti-union and their employees have few of the benefits that collective bargaining has provided to the workers now being displaced by this insecure and contingent workforce. Why are governments bound and determined to allow these private corporations to ghettoize these once well-compensated employment opportunities? Surely the fallout of reduced wages and benefits is self-evident, the negative impact of which will continue to affect the socio-economic well-being of communities large and small right across this province.

The Northeastern Ontario Health Coalition believes that the new Liberal government in Ontario has a very clear choice to make. They can continue down the road to privatization of our health care system and the false economy that it will inevitably produce, or it can reintroduce a progressive tax system in this province to help pay for the medical services Ontarians have repeatedly said they want. We think that choice is crystal clear.

I've also put in here some interesting factual information and stats that you might find quite interesting. Just briefly, out-of-pocket health care costs have risen by 25% for Ontarians since 1995. Of course, pharmaceutical costs alone have risen by a whopping 130% since 1995. When we're talking about increased costs in the health care field, it's pretty obvious where those costs have gone: to corporations and to private health care.

Forty-five medical procedures have been delisted from OHIP in the last eight years alone. For approved P3 hospital projects, budgeted costs have increased substantially from \$300 million to \$350 million in the case of the private hospital in Brampton, and from \$100 million to \$150 million in the Ottawa case. That's unacceptable, and that's what we can expect from a privatized health care system.

The British Medical Association journal calls Britain's experiment with P3 hospitals "perfidious financial idiocy," while in Australia, the New South Wales state auditor found that their P3 hospital could have been built twice over in the public sector. New Zealand has totally abandoned its experiments with public-private partnerships and many of their other privatization efforts.

CUPE estimates that a redirection of health care dollars in this province, the ballooning administration costs, duplication of services, inefficient staffing and excess profit-taking costs the provincial home care program just under \$250 million per year, or 21% of the home care budget in Ontario.

I could go on. Some of the more interesting ones—of course, we model ourselves after the British model, after the Australian model and certainly the American model because it's the American companies that are in here, licking their chops, trying to get hold of our health care system. Keep in mind that in America, they pay twice as much as Canadians do for health care already, yet 43 million Americans, roughly 15% of the population, is not covered by health care whatsoever, while many others are underinsured. The infant mortality rate in the United States is 40% higher than it is in Canada. Life expectancy

in Canada is number two in the world. The United States is ranked number 25.

1600

The prestigious New England Journal of Medicine reported in their August 5, 1999, issue that, "For decades, studies have shown that for-profit hospitals are 3% to 11% more expensive than not-for-profit hospitals; no peer-reviewed study has found that for-profit hospitals are less expensive." The Journal of the American Medical Association reported, again in a 1999 study, comparing quality of care in investor-owned health maintenance organizations, or HMOs as they're called, to non-profit HMOs in the United States that "The decade-old experiment with market medicine is a" complete "failure. The drive for profit is compromising care, the number of uninsured persons is increasing ... costs are escalating rapidly." I pose to you the simple question: Do we really want to go down this road any further?

With the package, I've added on four backgrounders, one on home care, one on long-term-care facilities, one on for-profit MRI and CT clinics and, of course, the P3 hospital fiasco that we spoke of.

I thank you very much and I appreciate your attention. If there are any questions, I'd be happy to answer. By the way, my schedule is open, so we can just go on for hours if you like.

The Chair: Thank you. We don't have hours, but what we do have is two minutes per caucus, and we'll begin with the NDP.

Mr Flaherty: Oh.

Mr Lefebvre: Oh, Jeez. Don't worry, Jim. You'll get your chance.

Mr Prue: Yes, the easy ones first.

Interjections.

The Chair: Order, please.

Mr Prue: Do my two minutes start now? OK, thank you.

You've written here and you've said about the nurses and the doctors leaving in great numbers. I remember they were called hula-hoop workers at one point. It has been a total failure, and I agree about getting them back. But part of the problem is the money. We don't pay as much as the Americans, and I think that's where most of them went.

The other one, though, I'd like you to expand upon is respect. How do we get them to respect us again as a government, as a province?

Mr Lefebvre: By treating them with the dignity that they deserve, I suppose, like most workers—and I consider doctors and nurses in this province to be workers like I am, like everybody else is. They deserve dignity and respect for delivering a service to the public in particular, and respect for the long hours and the hard work and the educational levels that they've achieved. I think they deserve a lot better than what they receive. I believe that's probably a much larger portion of the reasons why they left, rather than the actual money, because we have a lifestyle that we offer here in Canada, and in Ontario in particular, that is second to none. At

least we don't have to live in gated communities—yet. Of course, we could be going down that road soon enough, if we're not careful in how we follow the good old US of A. I think you'd probably attract more people if you just treated them properly.

Mr Prue: My next question, and it'll be a brief one, is: You have targeted the College of Physicians and Surgeons and the College of Nurses as two groups that throw up roadblocks to foreign-trained professionals.

Mr Lefebvre: Yes.

Mr Prue: What can or what should this government do to move them from their extremely rigid position—and I say "rigid position" because I think that's what it is. They are the roadblock; there's no question. What should this government do? Should the government in turn consider licensing themselves?

Mr Lefebvre: I suppose that's one option. I'd prefer to have the college continue to operate in the very professional manner that they have in the past. But I think they have to bring down the barriers. I think they have to open up a little bit and allow the competition—I think it's actually an issue of competition for them more than anything because they just love to have that money rolling in. Unfortunately, as we heard earlier on, maybe the fees aren't quite high enough and maybe it's a money situation. Maybe if they were paid an adequate rate, they wouldn't have to put the roadblocks up quite as high.

The Chair: We'll move to the government. No? Then

we'll move to the official opposition.

Mr Flaherty: I would like to, pursuant to the agreement that applies here, provide the committee with notice of motion that I feel will allow future consultations and deliberations to be more meaningful and more inclusive for Ontarians who live in some of the more remote areas of our province.

The Chair: Do you have a question?

Mr Flaherty: I think I had to do the notice of motion, didn't I?

The Chair: Do you have a question, though?

Mr O'Toole: I have a question.

Mr Flaherty: You have a question? All right. I'll look at this now, and then my colleague Mr O'Toole from the great riding of Durham, which is near Whitby, has a question.

Mr O'Toole: Just a couple of things.

The Chair: You have a minute.

Mr O'Toole: Yes, just a couple of quick points. The importance of the northern medical school—I think that's an indication you'd probably support one of the things.

Mr Lefebvre: Absolutely.

Mr O'Toole: I'm just trying to get a "Yes" here on some of this stuff. The other thing is, we really have increased the spending in health care too. In building in some mechanism here, that's important—find that we get value for our money. We have increased the spending by \$10 billion, and I don't think it's ever going to end.

One other thing too is that currently in health care, you're aware that about 30% of all health care provided before Eves and Harris was actually private? All dental,

most vision, almost all counselling, physiotherapy—it's already private. All auto insurance, all workplace insurance—that's insurance, that's paid-for medical coverage. There is a lot of big misconception. I think you're kind of misconceiving or misconstruing what's really happening, because that's insurance. That's another model of providing care or a degree of risk. There are quite a few models out there, so it isn't, as Romanow said, that it's the sacred cow, the public health. I want public health.

The Chair: Come to your question.

Mr O'Toole: My question is, are you really being honest with the people when you tell them the publichealth-at-all-cost model, when about 30% of it isn't and never has been public? Or were you aware of that?

Mr Lefebvre: No, I'm quite aware of it. I appreciate the input. But I'd certainly like to point out as well that there have been escalating costs throughout the system. A lot of these services, MRIs and the rest, have exorbitant costs attached to them, and a lot of these services have come on line during your government's term in office. So there is certainly an understanding as to why the budget has increased.

But per capita and adjusted for inflation, my understanding is—I'm no economist; I'm simply an instrument technician working in the mining industry—that basically the expenditures have actually gone down, regardless of what the total at the bottom is, so that the services have been delisted, that we're getting less service. It's really not a good situation. I think the crisis is there for everybody to see and recognize, not only in the long waiting times in hospitals. So your argument about insurance programs and the rest of it really doesn't sit well with me. I appreciate your position about it.

The Chair: Thank you for your presentation this afternoon.

Mr Flaherty had given notice of a motion.

Mr Flaherty: I do. Today we have heard from many people and associations that have travelled great distances to represent their communities and to bring forward to us unique issues that affect people of the north and rural remote parts of Ontario.

Historically, this committee has travelled to major urban centres for hearings such as this—cities like Toronto, London, Ottawa and Windsor. While it is important to hear from people in these larger centres, today's deliberations have shown that we should be making a greater effort to reach out to people who may not have the flexibility or the means to travel to the centres to be heard

Therefore I would like to ask that the committee have a discussion about how we may extend the reach of our consultations into some of these more remote areas in the future, and to move that next year, or when we are tasked with deliberating legislation in the coming months, we make a better effort to reach out and possibly visit communities such as Hearst, Pickle Lake, Sault Ste Marie—that's a sizable community—and perhaps even some of our larger aboriginal communities, and in the south communities such as Clinton, Winchester, Owen Sound,

including smaller communities in the southern part of Ontario as well.

The Chair: Thank you. There can be comment up to two minutes.

Mr Barrett: Of course, oftentimes we think of logistics—how do you get to the smaller communities? I know that question was raised several years ago with the nutrient management consultations through the standing committee on justice and social policy. There will be some experience here with the Legislative Assembly. It worked out very well. Oftentimes we were travelling by car or by bus. We would stay at a hotel in a larger community. As I recall, the hearings would start at 10 in the morning and the bus would take us to a community hall or a community centre in one of the smaller towns. We found, in some of the very small communities, the attendance was very large at these sessions. It became truly a community event. It reflected well on the Ontario government. In many of those counties it was the very first visit of the Legislative Assembly to that county. It truly was, in a sense, a town hall meeting, in contrast to the atmosphere that we're all aware of in some of the larger hotels in Ottawa, London or Hamilton.

The Chair: Any other comment?

Mr Bisson: I'm obviously going to support the motion. I'm glad there has finally been a conversion in the Tory caucus, that they finally see the worth of consultation.

Interiections.

Mr Bisson: Seriously, we didn't do much of this in the time—especially the latter years—of the government. We will support the motion. We think it's a good idea. I know that any time the committees travel, it's a good

thing in regard to hearing from the people, but trying to get into the smaller communities, I think, is really important because we don't often hear from them. I would just add to that, it would be interesting to get in, as Mr Flaherty has suggested, to a place like Moosonee sometime along the line with something that particularly refers to their way of life and what their communities are about. I think we, as members, can do nothing but come out stronger and understanding what the issues are by travelling like that. I will support the motion and welcome it and welcome you to the fold, Jim.

The Chair: Any other comment?

Mr Wilkinson: I just want to say, being from a rural riding, how important it is that we do consult people who normally are not consulted. Obviously, the road to Damascus leads through Timmins for members of the official opposition.

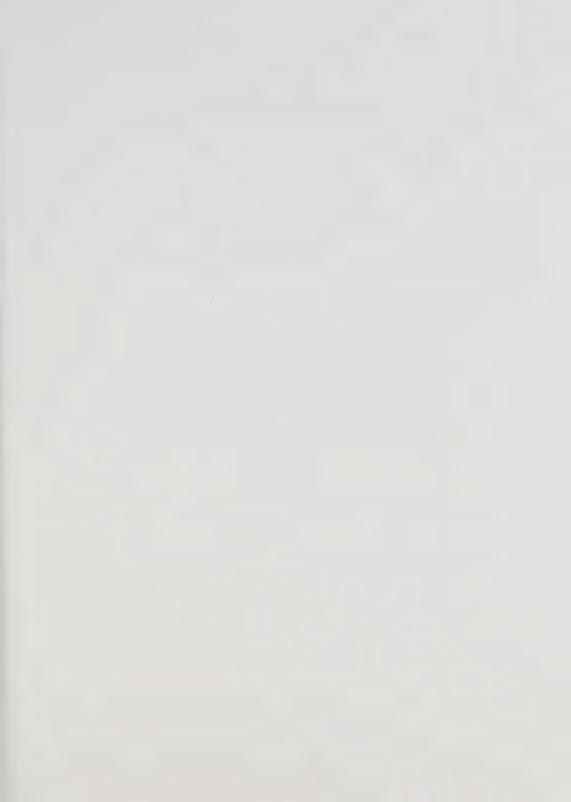
I might add that what I find somewhat concerning is that there is a subcommittee of this committee that agreed and there was all-party agreement as to where we would meet.

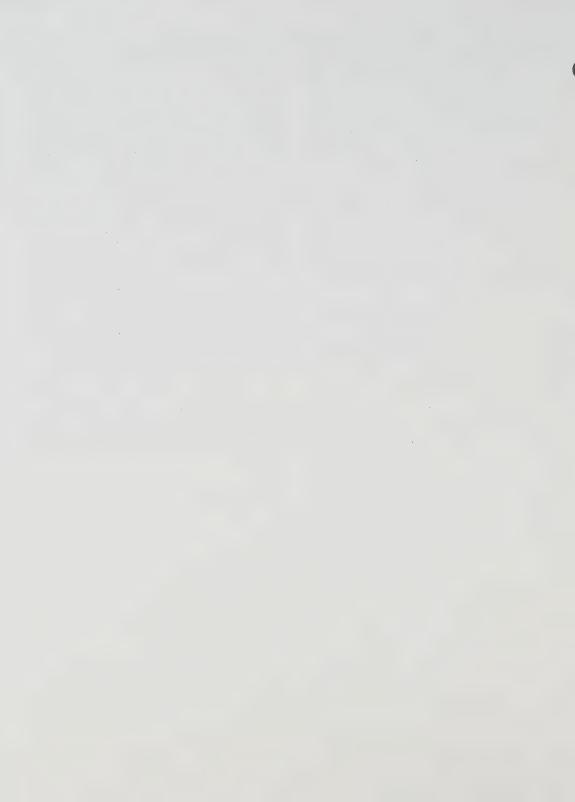
Mr Bisson: No, he's talking about next time.

Mr Wilkinson: So he's talking about next time. I think it would be wonderful if this input were to be referred to the subcommittee of this committee so that this can be taken into consideration. I might add that the smallest community that we are to visit is Timmins and by far the warmest reception we received here last evening, particularly with the great hospitality of the mayor and our member.

The Chair: Thank you. I thank all the members. We will deal with this during report writing.

The committee adjourned at 1614.





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Consultations prébudgétaires



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 5 February 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 5 février 2004

The committee met at 0900 in the Valhalla Inn, Thunder Bay.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. The committee is pleased to be in Thunder Bay today.

ONTARIO METIS ABORIGINAL ASSOCIATION

The Chair: I would call on our first presentation, the Ontario Metis Aboriginal Association. Good morning. You have 20 minutes for your presentation. If you care to, you can leave time within that 20 minutes for questions. I'd ask you to state your name for the purposes of our recording Hansard. You may begin.

Mr Michael McGuire: Good morning, ladies and gentlemen. My name is Michael McGuire. I'm the president of the Ontario Metis Aboriginal Association and I'm making a presentation to you today. We already gave you a handout and a few appendices to it, plus one of our current newspapers that we have out concerning the Powley decision.

As an incorporated, non-share capital corporation in Ontario, the umbrella organization representing local communities and five regional organizations across Ontario, known as zones, OMAA is our acronym. We offer representation to the 200,000 Metis, non-status and offreserve aboriginal people in the province of Ontario. Presently we are celebrating our 33 years of operation in Ontario. I think we were founded in 1967, and our organization came in 1971. Since then we have been organizing in Ontario.

As we work toward improving the quality of life for all Indian and Metis people living off reserves in Ontario, we continually strive toward the political, social and economic well-being of Metis, non-status and off-reserve-status aboriginal people in Ontario by addressing common concerns through the implementation of vital service initiatives designed to improve the quality of life for the many OMAA members.

Over the last year, OMAA has embarked on the development of a comprehensive human resource development strategy that has been attempting to define the needs of our growing population. In the development of our

strategy, we have had an opportunity to identify the demographic trends that are occurring in the aboriginal populations in Ontario as well as develop a labour market profile of the off-reserve population. The results of this work represent both a major challenge and a promising opportunity for Ontario, an opportunity that we believe should be addressed.

The data from Statistics Canada portray an aboriginal population which is highly urbanized, with over 50% of the population living in urban areas. In Ontario, 308,105 people are identified as having at least some aboriginal ancestry and the majority—approximately 71%—live off reserve. The data portray a population whose natural population growth is outpacing the non-aboriginal population. While it is true that some of the growth rate is attributable to natural increases, most of the population growth in the last five years can be attributed to an increased awareness of aboriginal people's ancestry and identity. The data illustrate that there has been a decline in the proportion of Ontario's aboriginal population that is made up of registered Indians. The second major change has been in the surge in the number of people who consider themselves to be Metis. These demographic trends have been continuing for several decades, yet the exact opposite is true of the fiscal policies of the province of Ontario whose expenditure patterns show a decided bias in favour of the on-reserve population in Ontario.

Do not get me wrong; on-reserve expenditures on social and economic programs and services are needed. There is no question about that. However, what is urgently required is an adequate approach toward the needs of aboriginal people who do not live on Indian reserves. Off-reserve aboriginal people are looking to the province to recognize the demographic reality that the majority of the aboriginal people live off-reserve and have similar, although not identical, challenges to those people who live on reserves.

The recent attention paid to urban aboriginal people at the federal level could also leave out a significant percentage of Ontario's aboriginal population. The federal urban aboriginal strategy applies to only Toronto and Thunder Bay. Prime Minister Martin has promised in the throne speech to expand that initiative. This has to be applauded. However, it is not clear that adding a few cities will meet the needs of Ontario's off-reserve population as Ontario's aboriginal population is very rural in nature.

In fact, the aboriginal residency pattern is almost the diametrically opposite of the non-aboriginal one. The non-aboriginal pattern takes the form of an inverted pyramid, with 70% of the population at the top, in urban census metropolitan areas, and only 15% at the bottom, in the rural areas. In the aboriginal residency pattern, on the other hand, less than 40% of the population lives in census metropolitan areas and the majority live in smaller urban centres and in rural areas.

This has major implications for the delivery of services to aboriginal people, as it implies that Ontario's aboriginal population is more dispersed and harder to reach from single centres than the general population. What ends up happening is that the needs of the population are chronically ignored. We need to reverse that trend.

What is also clear from the data is that the social and economic profile of this population is not much different from that of people on reserves. It is merely a question of degree. Although conditions of aboriginal people have improved on some major socio-economic measures, in particular labour force activity, since 1996, the gap between aboriginal and non-aboriginal populations does not appear to be closing. In other words, the current system of supports is merely serving to entrench the structural inequalities of the system.

Part of the problem is that Canada and Ontario fail to recognize the needs of their aboriginal ancestral population, who are all but ignored by programs and services. They are treated as if they do not exist. For all intents and purposes, these people are ignored. But let me make it clear that they are not just statistics. They are taxpayers. They are people who have unmet needs and it is a growing percentage of the aboriginal population.

We provide what services we can to those people, but they deserve much better treatment than they receive both at the federal and provincial levels. We need to address the needs of these people or risk perpetuating the inequality that the data clearly show.

While today's aboriginal people and their communities face many obstacles and challenges, there are tremendous opportunities for the province of Ontario to assist in dealing with many of these issues. Too often in government, we see inefficiency, poor performance or failure to meet stated guidelines rewarded by the continuation of funding levels. Those organizations that strive to meet or exceed program criteria and succeed should be rewarded by increased funding, not the maintenance of status quo funding.

0910

The Aboriginal Healing and Wellness Strategy was created in 1994 to address family violence, health and well-being among aboriginal people in Ontario. It is a unique program in Canada and has become a source of innovative expertise in aboriginal healing and health services across North America. In 2002-03, the Aboriginal Healing and Wellness Strategy completed a full second round of the strategy-wide performance measures plan, involving 150 projects. Over 50% of AHWS clients

reported improvements in both health status and family situations, and over 91% of clients said that their current overall situations were better than before taking part in an AHWS-funded program.

In 2002, OMAA participated in Ontario-wide consultations with 253 communities in order to facilitate discussions and input from community members, service providers and participants about the management and scope of programs and services of the strategy. The results of those consultations included concern over a lack of programming for children and youth between the ages of seven and 12, a need for increased mental health programming, a need to reduce bureaucracy, and drug, alcohol and substance abuse programs.

To date there has been no confirmation that the program will be renewed for another five years. This has resulted in considerable difficulty in aboriginal organizations, which cannot plan staff requirements beyond March 31, 2004, and are forced into sending layoff notices because of the impending close of the program. We urge the government of Ontario to commit adequate funding which will allow this badly needed program to continue, if not expand, to fill the identified service gaps.

OMAA supports the expansion of community health outreach workers, who are often the only contact for small communities for education, awareness and referral for needed services.

Finally, there is the issue of diabetes. The high rates of this disease in aboriginal populations are well documented, and there is a lack of adequate services for our aboriginal communities, particularly in the north. Our one provincial diabetes worker is stretched to the maximum to cover the entire province. If this province seriously wishes to address this major health issue so that residents have reasonable access to culturally appropriate programs and services that will improve their quality of life, then there needs to be proper funding for those programs which meet or surpass terminal performance measures.

Housing: Adequate affordable housing remains a major concern for our off-reserve aboriginal members. Much has been said about the deplorable condition of on-reserve housing, but little has been voiced regarding those who live off reserve. They face even greater difficulties since they lack the subsidies provided to on-reserve natives. While the affordable housing program announced by the Ministry of Municipal Affairs in 2002 is a step in the right direction, it lacks any aboriginal focus. The community rental housing program totally neglects the north by focusing on development in southern Ontario cities. Funding for homes in remote areas was to have been launched in 2003, but information on how this program will be structured still remains unknown in early 2004.

One of the major difficulties off-reserve aboriginals face in accessing these programs is the requirement of matching funding, which often excludes them from any significant participation. We call on the province of Ontario to recognize these special difficulties and

develop funding proposals for a mix of urban and rural, northern and southern, non-profit, community rental and home ownership programs specifically addressing aboriginal needs.

Education: While the out-migration of youth continues to be a significant concern, many Metis and aboriginal youth choose to stay in their home communities and settlements or return after completing their education or training. We recognize the value of our youth and the potential for them to make meaningful contributions to social and economic change through education, training and lifelong learning. Our employment and career counsellors work closely with this younger generation to ensure that they receive the guidance and support necessary for successful career choices.

We also recognize the struggle of the unemployed and underemployed, single parents and the disabled members of our community and we have taken steps to improve their lives through adult literacy programs, life skills training, modified work placement and skills assessment.

Studies clearly indicate an aging population approaching retirement years. These same studies indicate an impending shortage of skilled workers. Aboriginal communities have the necessary human capital that, with real access to training programs, can address this shortage without the necessity of importing offshore human resources. OMAA employment and training services have developed a long-term vision to increase and strengthen our human capital. We have implemented an action plan that encourages community partnerships and strives to create a seamless delivery of programs and services to our people. We have sponsor confidence that our vision will work and we continue to respect and nurture this confidence with the design and delivery of each new project. An appendix to this report details some of these projects.

We can do more, and will do so with increased financial partnerships with the province of Ontario.

Economic development: Aboriginal people and communities face higher rates of unemployment than the rest of the Ontario population, as well as a higher dependency on social assistance. These conditions are often linked to a lack of economic and community development. While we welcome Premier McGuinty's commitment to returning the northern Ontario heritage fund to its original mandate to foster private sector job creation, we note that despite our vigorous objections, the fund still states that only First Nations are eligible. The use of this term is discriminatory and divisive and implies that other aboriginals-Metis, Inuit and non-status Indians-may be excluded. With on-reserve populations shrinking and off-reserve aboriginal populations increasing, there needs to be a clear statement from this government, through the budgetary process, that aboriginal economic development programs encompass all aboriginal communities.

If the province of Ontario is serious in its statements that it will work to remove barriers to aboriginal economic development by focusing on education and skills development, access to capital and infrastructure, it needs to infuse more actual funds into the process. For example, the former Jobs Ontario Community Action aboriginal program received funding of \$4 million per annum for aboriginal economic initiatives. The Ontario aboriginal economic development program, the replacement program, receives approximately \$1.2 million per annum after administration costs. As a result, there are many worthwhile proposals that receive no funding. Increased funding would remedy this situation and deliver on the province's promises.

Previous governments in Ontario saw fit not to include Metis in the Casino Rama project. This moratorium on further casino expansion has prevented Metis in this province from utilizing casino proceeds to generate many of these economic initiatives. We seek a lifting of the moratorium and action on promised discussions on a Metis and off-reserve aboriginal casino. You keep spending your money there.

Our underprivileged position in Ontario is real. The needs of our people are real and are growing. We have developed a strategy to address these needs. The strategy speaks of partnership. Our question to you is, will you recognize this reality, and can we establish the partnerships to address these challenges?

Remarks in Ojibwa.

0920

Our organization started years ago. I think it was in 1965 when we started planning it. It wasn't until 1967 that Mr Keith Penner, who was our Liberal MP, chaired one of our first meetings in the community of Macdiarmid. Since then, we've had dreams of how we are going to create economic development, how we are going to educate our kids and how to get a little more equality into what we consider just normal living; for instance, we mentioned diabetes here. As a lot of people might know, the Powley decision just came out that recognizes that we have our own right to hunt and fish.

In our community when were growing up in Macdiarmid, there were 16 in my family. We had a natural resources place—it used to be called lands and forest—but they had a game warden in that small community. In the morning you could see that game warden walking around like a big dog: He's sniffing the air like this. He's doing that because he wants to find out who is cooking moose meat. Can you imagine coming into somebody's breakfast table at 8 o'clock in the morning to see if you're cooking breakfast and your mother is trying to feed 16 kids? There's something wrong with that system. And yet we say there's a problem with aboriginals. If the Metis people had the right to hunt and fish the way other people could, I'm pretty sure that problem could have been solved.

I know there could be a lot more said about what we do. We're sincere now that this government will back our power. I know in the Peterson government—I don't know why the hell he called that election.

Interjections.

Mr McGuire: So you're back in power here. Let's all get together, let's do something so we can continue to be

in power and have Ontario as one of the most prosperous provinces in Canada. I'm sure we can all work together and have a great partnership. Meegwetch.

The Chair: Thank you for your presentation this morning. There is no time for questioning.

CITY OF THUNDER BAY

The Chair: I call upon the corporation of the city of Thunder Bay. Good morning. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you desire. I would ask you to state your name for the purposes of our recording Hansard.

Ms Lynn Peterson: Good morning. My name is Lynn Peterson. I'm the mayor of the city of Thunder Bay.

Thank you, members of the standing committee on finance and economic affairs, for travelling to Thunder Bay to conduct pre-budget consultations. We appreciate the opportunity to present the challenges and issues we face today and to comment on the fiscal and economic policies of this province. My presentation will highlight the main topics covered in our detailed written submission. That was 90 pages. Getting it down to 15 was a bit of a task, so I'm going to have to speak quickly.

The city of Thunder Bay has faced challenges over the years; however, this is a year of exceptional challenges. Many of these challenges are related directly to global economic factors. Some, however, are very specific to the city. Since 2001, the city's population has decreased 4%. Declining assessment is also an issue. While provincially there has been significant assessment growth, the city has experienced a 3.7% decrease in total assessment between the years 1998 and 2003.

While wages have increased on average 3%, benefit costs have continued to increase at rates well above inflation. In 2004, OMERS contributions will be fully reinstated at increased contribution rates, resulting in an operating budget increase of approximately \$5 million in 2004, which translates to a 5% tax increase here. The overall cost of purchased goods and services required by the city continues to increase. Most notably, energy costs have seen large increases in the last year.

As the city of Thunder Bay purchases approximately four million litres of gasoline and diesel fuel each year, any increase in gasoline and diesel fuel prices will have a significant impact on the operating budget of our city.

There has been a tremendous decline in traditional industries within the city. Once the world's largest grain port, with 27 elevators with a capacity for 17 million bushels, today there are only eight operating elevators with a volume of 5.5 million bushels. The condition of the abandoned elevators poses environmental concerns and represents an extreme danger to the public and emergency workers. While there has been a recent success story in working with the crown relative to the former Riverside Grain property, the issues pertaining to the property, which reverted to the crown in excess of 10 years ago, have not yet been resolved. The city strongly

feels that the crown has an obligation to protect its citizens from harm on property that it owns and provincial funds need to be set aside to address these concerns.

Following a decade of slow or negative growth and high unemployment, the year 2003 saw Thunder Bay have the second-fastest-growing economy in Canada. That our GDP grew is a testament to Thunder Bay's potential to turn around. Underlying that strength are key fundamentals that require the serious attention of the province. As the Thunder Bay economy is very much dependent upon the forest sector, the outcome of the softwood lumber discussions underway between Canada and the US has dramatic implications. There is a need to diversify the Thunder Bay economy, not only into emerging strengths of the community but into the knowledge economy of existing and historical strengths. With the proper investments and support by the province in partnership with the city, local institutions and the private sector, the province can realize significant new growth and jobs from Thunder Bay. To further facilitate job growth, we request that the province relocate government jobs to Thunder Bay to offset the 2,000-plus government jobs that have been lost to this city in the last decade.

This city has responded to the combined pressures of growing responsibilities and costs, scarce resources and public scrutiny by focusing on cutting costs, holding the line on tax increases while increasing its annual contribution to capital. A number of factors have contributed to this increase, including an aging infrastructure that needs to be maintained or upgraded to provide core services to the residents of the city; a lack of uncommitted reserves and reserve funds; and a lack of provincial subsidy dollars for capital projects. Our capital program is prioritized on the basis of asset sustainability and replacement and health and safety items. This ensures that the city's facilities and equipment are safe and accessible to the public, that requirements legislated under provincial legislation or local services realignment are met and that core community services are continued.

LSR has brought about fundamental changes to provincial and municipal roles and responsibilities. As a result, municipalities inherited many expensive and capital-intensive programs. Between 2000 and 2003, the city's community reinvestment fund payments increased only 10%. Contrast this to the local services realignment costs, which have increased approximately 25% over that same period of time.

While improvements have recently been made to the CRF grant program, there are still a number of outstanding issues. We encourage the province to inform municipalities of their entitlement by September of the previous year, to make multi-year commitments with respect to funding levels, and to provide a clear formula for calculating the reconciling items.

The city, as with many other municipalities, has identified a number of issues with respect to service delivery, dealing mainly with the quality, timeliness and

responsiveness of services provided by the Municipal Property Assessment Corp, MPAC. We are encountering significant delays—up to two years—in obtaining details of new construction comparables, as well as supplemental and/or omitted assessments. Furthermore, MPAC's call centre and functional centralization has reduced any familiarity with local issues and greatly increased response times. This has led to cash-flow problems, higher municipal administration costs and. certainly, irate taxpayers. Although provincial education taxes account for \$6 billion of the \$15-billion annual property tax levy, the province shares no part of MPAC's costs. We encourage you to think about that.

At the same time we are dealing with emerging issues, we continue to deal with ongoing issues. The city of Thunder Bay covers a large geographic area and is responsible for maintaining approximately 950 kilometres of roads. The cost to maintain them to city standards is \$5.22 million annually. Severe weather conditions contribute to higher road maintenance and snow removal costs, thereby exacerbating the financial

The city currently spends \$12 million to \$14 million annually on transportation infrastructure, including roads, sidewalks and bridges, which is primarily funded from the property tax base. What is needed is \$20-million-plus annually to meet present and future demands.

The provincial minimum maintenance standards for municipal highways resulted in additional costs to the city. While the standards are not mandatory, the regulation defence will be available only when a municipality has met the relevant standard.

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With deferred maintenance and rehabilitation of our road, sidewalk and bridge infrastructure approaching \$100 million, the ability to finance the work poses a significant financial dilemma for the city of Thunder Bay. The city's annual debt financing has doubled since 2000, and the city's outstanding debt has increased from \$35 million at the end of 2002 to \$94 million at the end of 2003. Even with the increase in the level of debt financing, some very worthwhile capital projects must be deferred.

The age and condition of roads, sidewalks, bridges and recreation facilities requires us to be proactive in maintaining a basic level of service to the community. We encourage the province to work with the federal government and municipalities to achieve a new deal for municipalities that ultimately results in predictable grant funding. We need a multi-year rolling guarantee to facilitate multi-year planning, and more flexibility for the municipality in choosing the eligible projects. Furthermore, we request a consideration of specific northern issues when allocating grant funding, including understanding that we have a limited number of potential partners and recognition that a one-size-fits-all approach conflicts with the reality that issues in the north differ from issues in the south of the province for various reasons, including environment, weather conditions, increased costs and loss of assessment. Northern Ontario municipalities have lower assessment bases and deliver a broader range of services than their southern counter-

The urban-rural nature of the city of Thunder Bay and the discontinuation of provincial operating grants, together with reductions in the capital subsidy, are making it increasingly difficult to provide cost-effective transit services. Operation of a system of public transit is an essential social service. We must stress the need of infrastructure dollars to ensure cost-effective, efficient and safe public transportation. It is important that all orders of government work co-operatively to find a solution.

There have been significant issues that have impacted a municipality's ability to provide adequate and effective policing in northern Ontario. The previous government placed the responsibility of providing court security on municipalities in 1997. Although the administration of the courts and their facilities remains the primary responsibility of the Ministry of the Attorney General, municipalities bear a significant cost in providing court security. This is not a core police function, and the Ministry of the Attorney General should take over security of their institutions.

The community policing partnership program was designed to increase the number of frontline officers for many communities. Access by northern communities to this program is restricted, because the program's funding formula fails to recognize that northern Ontario's economy is stagnant or declining. The government needs to recognize the economic reality of northern Ontario and adjust the funding formula of the program to reflect this reality.

Implementation of programs such as the sex offender registry and major case management has caused police services to redirect resources away from frontline policing. Although all these initiatives are good tools for policing, a more rational approach must be taken to allow police services to access each other's databases. The government should fund the development of interfaces that allow police services to achieve this goal.

Finally, the municipal per household cap for police services penalizes municipalities that pay full costs for policing by having municipal taxpayers subsidize policing in other jurisdictions through their provincial taxes.

There are several financial issues which affect emergency medical services. The Ministry of Health has not been responsive to municipalities. For example, although we are in the 2004 fiscal operating year, the MOH has not provided final approval of our 2003 budget requests. The response time framework funding does not address the issue of inappropriate station locations. Cross-border billing legislation is not working, and many direct delivery agents are in financial difficulty because of it. In addition, there is an inherent flaw in the land ambulance funding template. The net result is that incorporated municipalities in affected DDA jurisdictions are being attributed a greater portion of the municipal share

of the land ambulance costs in their catchment area than are their unincorporated counterparts. We petition the government to correct the funding template and to adjust funding retroactively to 2001.

Recruitment of emergency medical services personnel is extremely difficult within the northern areas. We urge the province to establish an underserviced area program and to share in training costs if we recruit personnel who are not fully qualified. The province has promised to cover 50% of approved costs. However, the term "approved" is vague and not clearly defined, hence the issues we have identified. We request that the province fully fund 50% of EMS costs approved by municipal councils.

Two of our homes for the aged are D-listed. Current legislation under the Ministry of Health requires these homes to become compliant by 2006. The cost of redeveloping will be in the order of \$44 million. There is a need for an infusion of capital funding by the province to ensure capital costs are shared on an equitable basis.

With respect to social housing issues, the other levels of government must continue to play a role. Through LSR, there is a larger municipal role. However, if needs are to be met globally, there must continue to be both funding and policy roles at the provincial and federal levels. As well, our community is facing an immediate critical situation caring for homeless women and children, with the province's decision to cease funding for Community Residence Women's Shelter.

The recruitment and retention of physicians has been a concern for many years and is now reaching crisis proportions. Training more physicians in northern Ontario is certainly the best response to this problem in the longer term. We are, however, in urgent need of support for immediate short-term solutions that will allow our community both to retain current physicians and to recruit new family doctors. As residents of Thunder Bay and northwestern Ontario, we urge you to respond to our community's and our region's critical and immediate needs. For us, this is truly a matter of life and death.

Health units in northern Ontario are underfunded in comparison to their counterparts in the rest of Ontario, due to the higher level of primary care services required and the cost of providing services to unincorporated areas. Provincially mandated requirements and programs have increased municipal costs to unacceptable levels. Between 2002 and 2004, this city experienced levy increases totalling 33%. The province must rectify the long-term funding inequities for northern public health services and programs as soon as possible, as municipalities cannot continue to fund increases of this magnitude.

TBayTel is a municipal department of the city of Thunder Bay, providing communications—ie, telephone, long distance, Internet and mobility services—to the city of Thunder Bay, outlying townships and northwestern Ontario communities. TBayTel would like to take this opportunity to ask the provincial government to lobby the federal government on TBayTel's behalf with respect to

municipalities being allowed to own a broadcasting licence. Since 1985, the Broadcasting Act forbids broadcasting licences to be issued to municipal governments. Currently in Canada, broadcasting companies are providing telecommunications services, but municipal telephone companies cannot provide broadcasting services. TBayTel would like to see this changed by repealing the appropriate sections of the act.

To reduce the high cost of justice, we need legislative amendments to limit rather than further expose municipalities. One such amendment would be to provide municipalities with immunity from liability for environmental contamination on properties vested in the name of the municipality after an unsuccessful tax sale.

In the end, I restate my plea for a new deal. There is a definite need to be able to expand the revenue sources available to municipalities. Both federal and provincial governments must allocate a share of their revenue sources, among other initiatives, to help fund priority capital investments in areas such as transportation, transit and affordable housing, and to ensure a base level of funding for ongoing capital infrastructure renewal. In the recent throne speech, the federal government announced that municipalities would receive a full goods and services tax rebate. We encourage the provincial government to follow the lead of the federal government to make municipalities exempt from paying provincial sales tax on their own purchases.

Members of the standing committee, the city of Thunder Bay is committed to providing high-quality municipal services through forward-thinking policies and effective management. To do this, we count on the province of Ontario for support and effective policy-making. We greatly appreciate that the standing committee's report to the House will include an understanding of the north. Thank you.

The Chair: We only have three minutes' time for questions from one party. This will go to the official opposition. Please leave time for an answer, Mr O'Toole.

Mr John O'Toole (Durham): Am I being instructed, Chair? I can speak for myself, thank you.

Thank you very much for a very informative presentation on some issues that really wouldn't be quite common knowledge to many members. We have heard on a couple of occasions the issue of declining assessment, and that is a fundamental structural deficit for you in the longer term—revenues falling and expenditures increasing. Maybe you could respond by saying how you're going to do it, because you can only do it two ways: You can increase the taxes or reduce the service. Those are basically the options.

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Ms Peterson: That's exactly what we're facing at the moment, as my council struggles to decide how we deal with this as a community. We have—you're right—the opportunity to raise taxes. That's not popular.

Mr O'Toole: Then you'll drive more people out, and more business. If you increase the taxes, they'll leave.

Ms Peterson: That's a possibility. There are also user fees and there is also a cut in service. We've gotten to the point where there's not much left to cut, no place to go on the tax base, and user fees are not necessarily acceptable.

Our other option, and the one that I prefer, is that we have to talk about the expenditure side. We have to talk about the revenue side. This community has incredible building blocks. We have a new hospital. We have a new medical school. We have paleo-DNA labs. We have a university. We have everything to build with. We can turn the corner. We need a hand to steady the ship. Many of our abilities to steady our own ship have been taken away. We want policies and some support to steady our own ship, to grab our own destiny, and we need the help of the province to do that.

Mr O'Toole: A couple of quick questions, if I could. That's a very good response, because I think of those enterprise zones, and those solutions are part of how you attract and retain investment, which is job creation. Without those tools, your residential population cannot support the level of service you need. I live in the country, so I'm not foreign to all of this.

One of the things that does concern me, on page 8, is a troubling sign that we saw earlier in—

Ms Peterson: Page 8 of the larger document?

Mr O'Toole: No, it's just of your presentation. It says that the debt has increased from \$35 million to \$94 million in a very short time. That's a troubling signal because really debt becomes a drag on your annual operating revenue. How much of that debt is attributable to operating costs, as opposed to capital costs like building a bridge or something in the long run that's a one-time expenditure? If those are operating costs, that's a serious problem.

Ms Peterson: The D-listing of the two homes is \$44 million of that.

Mr O'Toole: OK, the long-term-care things.

Ms Peterson: Also, we've increased—Carol can correct me if I'm wrong—our annual capital investment out of revenue by \$2 million annually. Because of the infrastructure debt that's not only in this city but right across the province, we have actually been doing things like raiding our reserves, using operating for capital. Those are the kinds of decisions that municipalities face every day.

The Chair: Thank you for your presentation this morning.

THUNDER BAY HEALTH COALITION

The Chair: I call on the Thunder Bay Health Coalition. Good morning. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to state your name for the purposes of Hansard.

Mr Charles Campbell: My names is Charles Campbell. As was said, I'm a spokesperson for the Thunder Bay Health Coalition.

We're here speaking specifically about the health care issue. However, we are talking about it in the context of the budget. The health coalition here in Thunder Bay is indeed a chapter of the provincial Ontario Health Coalition. Our members are citizens concerned about health care. A number of our members are also members of other organizations, unions and public groups. We support public health care. That means government-funded, universally accessible care delivered without a profit motive. We believed, on September 20, that the Premier was supporting that initiative as well when he praised nurses fighting for a strong and sustainable, publicly funded and delivered health care system. That's what we're here to talk about in the context of the budget.

Since October 2, the discussion has gone from talking about publicly supported health care to the \$5.6-billion deficit, of course. But the first question we have to ask is, why is this a surprise? There was a deficit prediction made. In fact, on September 22, the Liberals issued a press release that talked about a Fraser Institute study that talked about a \$4.5-billion deficit at that stage. So we knew there were issues that were going to have to be grappled with during the election itself. The Liberals, however, did come forward and say that they had priced out and identified their priorities and they were able to balance a budget and enhance public services. The public of this province supported the Liberals and elected them to the government based on that campaign.

One thing that was not in the press release of September 22 was that the Fraser Institute also predicted a deficit by 2006 of \$4 billion from the Liberal campaign. Whatever one wants to say about whether that was an oversight in the press or not, the reality is and we do accept that there is clearly a deficit now that has to be dealt with.

How big is that deficit? The term "structural" is very popular; however, if you take a look at the reports from the Ministry of Finance and at the Peters report, identified in there is \$1.3 billion of Hydro One/OPG impacts in 2003-04, a contingency of \$600 million, and a one-time SARS cost of \$600 million. Granted, that does still leave us with a deficit; however, it does not leave us with a \$5.6-billion deficit. It clearly leaves us with a much smaller number that is not necessarily structural.

Drawing on research from the Canadian Centre for Policy Alternatives, a deficit would probably still remain in 2004-05 of upwards of \$2.2 billion if the Liberals implemented the tax rollbacks that they had suggested in the campaign and did not introduce any additional initiatives that were promised, and by 2005-06, the budget would actually be in a non-deficit situation. So we would argue that although the term "structural" is being bandied about quite a bit, the reality is that revenue growth is continuing, there are systemic hits which are specific to the past year or two, and the deficit is indeed not something that means we have to turn around right now and start slashing programs, as we have already.

We also would like to talk a little bit about which deficit we're going to discuss. During the election, the

campaign that the Liberals ran was very much about the deficit that has been created by the cuts to social programs, to health care and to a lot of the government programs that people have treasured and relied upon. However, since the election, the financial deficit seems to have taken over the papers and public discourse. We'd like to bring that discussion back. Obviously, we do recognize there is a budget deficit, and there are things that can be done to address some of those costs. Clearly, that's why we're seeing you travel around the province asking for input. We do have some financial input. We're not saying that we can spend our way out of this. However, we'd like to think a little bit about why health care costs are such a large portion of the current budget.

One of the issues that we're not going to get away from is the fact of demographics. We have an aging population profile, and health service costs are not going to go down. That's a reality that we have to accept as a province. As the population gets older, the need for

services is going to increase.

However, there are other issues which are pushing up costs. The P3 deals—whatever you want to call them, however you want to label them—are profit-making ventures for the investment groups, and the public is bearing expenses there. Private facilities are being paid for with public money, which draws funding and resources away from the public system, making it more difficult to attract doctors and address health care issues. Health expenditures now include profits for corporations, including those in long-term-care and other corporate facilities.

On September 28, a candidate in the Ottawa area—not the Premier, but another Liberal candidate in the area—called on Premier Eves to step forward and talk about what the P3 deals were about, what the numbers were. I will quote that member: "It should be publicly owned and operated, not a private hospital," in the context of what should happen with the Ottawa health care situation. Since the election, the Liberal Minister of Health has continued backroom negotiations, has not come forward with what the agreements are and has not disclosed the information in them. It can be called a lease payment; you can call it a rent. Whatever you call it, there's clearly a capital program that's being negotiated outside of public view, and there is an element of profit which is clearly in there.

If you take a look at studies out of England, studies out of many other jurisdictions where there have been for-profit and public-private partnerships, there are 10% to 15% profit margins generally built into these sorts of arrangements. That money is coming out of the treasury budget in addition to the cost of those facilities. That is an expenditure which could be avoided if those facilities were not being done with this private situation. It's no surprise that health spending is increasing so fast if the government is adding profit margins into the health care system.

0950

One of the other issues is the staffing issue. The Premier spent a lot of time talking about choosing change and dealing with the doctor shortage. The private-public models are being touted as a solution to deal with lines. However, again, back during the election in September, another Liberal member in the Kitchener area brought up the fact that a private clinic had been set up in that area and had paid a \$15,000 bonus to attract an MRI technologist from a hospital in Windsor. I'm not sure how exactly that shortens lines anywhere except in Kitchener and I think the folks in Windsor may have something to say about how it lengthens them. That's a \$15,000 increase that that little element in competition added to that specific health care program. I ask you, with the staffing issues we have, how many more similar situations we're dealing with.

McGuinty did indeed promise that there would be increased access to public MRI and CT services, and the press release on the 22nd talked about choosing change in health care services in our hospitals, not stand-alone and separate facilities which have costs attached to them that we then pick up in addition to the public health care

system.

Long-term care is a very good example of a P3 paradigm that's been in action for a while now. We're paying private developers to build facilities and building in those profit margins for them. We are handing over money to them and the service standards have not been improved; they have in fact declined over the past few years.

The private delivery model has been touted for a number of years as a solution. Well, a little bit of a picture of what it's about: Yes, indeed, retirement REIT, which is an income trust that provides long-term-care homes—Central Park Lodges specifically—does have a statement in their mandate to provide the best possible standard of accommodation, and we have no quibble with that. That's clearly what the mandate of a retirement home or a long-term-care facility should be. However, their business mission is to "maximize unit value through the efficient management of ... senior care homes and related services, and ... growing the business through acquisitions and new developments, primarily in Canada." I leave it to you to guess why "primarily in Canada" is there, because we do have a market where we have a number of governments willing to hand over money to these organizations because they don't want to have capital development on the books.

How is it working? Retirement REIT performance for the three months ended September 30, 2003, had revenues of \$109 million. If you take off the direct operating and the general admin of those facilities, they had about a 17.5% return on their revenues. If you take off the interest, depreciation and amortization, which you could argue the government would have to also invoke to build and maintain facilities, they still had a 7.4% return this year, up slightly from last year, when they had \$89 million in revenues for the same quarter. That's probably a good reflection of what is happening with the numbers. Again, here's 7.4% of the money that's going to investors instead of staying in the health care system for other

program areas.

Extendicare has also had a pretty good run with long-term-care facilities. In November they released their third quarter earnings: a 75% increase. In their press release they thanked the Ontario and Alberta governments, in effect, for significant increases in their revenues and their profit margins. Yes, we are probably running a deficit in the organizations that we run as a public government, especially if we're increasing revenues in private entities that we're contracting to by these rates.

What else is costing us more? Why else are we spending so much more on health care? One of the options that I would point out is that in the drug cost area the increase in costs for Ontario drugs has been about 130% in less than 10 years. Meanwhile, pharmaceuticals seem to be doing pretty well on the profit side too, so it looks like there is an improved margin in that.

Delisting of services: There has been a lot of talk about delisting. There have been a number of services delisted. Yes, it may well save a little bit of money upfront, but the person needing those services is reaching into their pocket, often for a lot more than they're going to be able to receive for a small tax break that they've gotten so far. As well, the health care costs and the other agency costs of delisting services at the stage that we're at now, around things like addiction care, substance abuse and mental health, are creating costs, unexpected but not unpredictable, in other social service areas.

Home care is another thing where we've talked about managed competition, but really we've destabilized a program that's been critical in allowing people to stay in their homes and to be able to have some level of independence. Without access to home care, people are not able to take care of themselves. They're not able to deal with their health issues at an initial stage and they end up in more expensive institutional care facilities.

Responsible spending is not about cutting the services that we offer to people in this province. The Ministry of Finance assumptions for tax revenues this year, in 2003, indicate the corporate profit projections were to be about an 11.5% increase in growth, overall, in corporate profits. Yet the corporate tax revenue numbers that we look at show a drop of 3% between 2003 and 2002 fiscals. So I ask you, how is it exactly that the profits continue to grow and our revenues drop: systemic or planned deficit?

Publicizing services could well be a way to save more money instead of privatizing them. If you look at the operating cost per bed in long-term-care facilities—again, the Ministry of Finance numbers project the cost of a long-term-care facility bed at about \$30,000—take that 7% we talked about off that and you're saving \$2,000 per bed by keeping them in the public health care system and not contracting them to private delivery models.

Borrowing is an acceptable measure to protect our social programs in the short run, as we move forward.

We have a bit of a concern in terms of what is going to be happening to try to address the issues around budget. We've spent a number of years listening to the benefits of administrative savings and all the efficiencies that we can somehow achieve by improving that. It seems that now we're talking again about steering, not rowing. We're talking about alternative service. We're talking about wonderful opportunities for finding partners in the private sector and ways to do amazing things to do more with less. I'm here to suggest that doing more with less only goes so far and in fact you cannot continue to do more with less. The programs and the services that we provide to the public do have a cost attached to them. The cost is indeed significant but it's a cost that can't be flimflammed away with whatever this week's rhetoric is; it's a cost that has to be accepted, admitted to and borne.

The dilemma that the Liberal government faces—and I know we have representatives of all three parties here, but the reality is that the Liberal government was elected on their promises and the Liberal government has the majority and will ultimately be making the decisions—is whether they want to honour a promise to the Canadian Taxpayers Federation and continue cuts to manage a number which should have been known before the election was over, or whether they want to honour the promise to the voters of Ontario to renew social programs and public services.

Our bottom line as a health coalition, Thunder Bay and provincially, is that we believe we are willing to pay our fair share, because we support fair taxation to support social programs. We can't afford privatization. It's a hidden tax that's in the numbers. If you look at the numbers, they're there.

Medicare's future is at stake. We've got to reinvest in public health care. The studies are showing how close we came to a major breakdown during the SARS epidemic because of the cuts that we've experienced.

We voted for a change and we mean it. It's time to keep the promise about change and not go back to the deficit-fighting arguments which have cost us a lot of programs in the past decade.

The March budget is going to be an opportunity to choose, as the Premier said on election eve, whether you want to choose better schools and health care, whether you want to choose more family doctors, nurses and hospital beds, instead of a failed approach that has put us in 10th place in this country as far as standards.

I would invite you to investigate carefully before following the British models which have put them significantly behind the eight ball in some of the privatization models that they've done. There have been a number of studies that show that is not the change that should be chosen if we want to improve public services.

Thank you.

The Chair: We only have time for questions from one party—three minutes—and in this rotation it would go to the NDP.

1000

Mr Howard Hampton (Kenora-Rainy River): Thank you very much for a very informative brief. I simply want to zero in on a couple of things that you referred to.

One of the things we've heard a lot of since the election is that the government has been bringing over so-called British experts who talk a lot about public-private financing. But anything I've read about public-private financing in Britain—when you look at the public-private financing of hospitals 10 years later, you've paid twice for the hospital. You paid for the physical infrastructure, and then you paid for the corporate profits and salaries and the bonuses and everything else—not a very good deal. You end up paying twice for the hospital.

I find it disturbing that the government is now entertaining all sorts of ideas like that. You pointed out that from your perspective you end up paying twice on a number of fronts. I wonder if you could just elaborate on the sort of false economy of privatization.

Mr Campbell: I think there are a couple of aspects to the privatization model that are particularly misleading. One, of course, is the concept of better service delivery.

If you take a look, as you pointed out, at the studies that have come out of England, there are initial cash flow benefits to it, and there are certainly some tax benefits if you keep your personal and corporate taxes up, because there are corporations doing far better than they would have before. However, from a patient care point of view, the numbers do not indicate improvements. They actually indicate degradation in those services. There are studies from England that we have information from which clearly indicate that. You actually do not improve the health care system. It merely indicates there are some numbers that look a little different on one balance sheet from another.

The argument around privatization, and one of the major concerns we have around the P3 hospital arrangements, is we're talking with investors who would then operate those hospitals, as we understand it, given how little information has been released even since the election. Those private developers are not going to be particularly interested in cutting their profits or reducing their return. They have to go out and deal in the financial markets the same as the province does. I have to believe that a private consortium building a hospital isn't going to be able to get a significantly better mortgage rate than the government. So in a best-case scenario, you're going to have the administrative cost of putting a level of structure between the government funding and the actual builders of the hospital. Instead of contracting for the building, you're now contracting for somebody to go out, find the money and then build the services and go around the existing financing agencies that are already built into the government.

As well, if you look at some of these transfers, they're through operating funding. If you look at what the health care budget looks like now and you say, "Look at their operating funding," and you look at what the health budget might have looked like had we provided a public hospital system and public facilities, you would definitely have a very different picture of the capital investment we've gone through. We basically provided

funds to private corporations through our operating budget to build facilities. So they're not on our books any more as a province. However, they're on a corporation's books somewhere and we appear to have a terrible operational deficit problem.

If I was to buy my house and pretend it was operating instead of something I was going to pay off over 20 years, I'd probably look like I had a really bad year too if I had to go out and spend \$150,000 and my income was only \$40,000. If you're financing something, then you should be honest about it and admit that as a capital investment, not try to treat it as if it's some sort of operating cost. Those facilities should be public. We're certainly paying for them as if they're public; however, somebody else is picking up some money and we're not getting recognition of it in our financial records.

The Chair: Thank you for your presentation this

morning.

Mr Tim Peterson (Mississauga South): A point for research, Mr Chair: He made a financial presentation and did not include any tax effects in it. We are a government, and we do collect taxes. I think it would be interesting if we could have that reviewed.

The Chair: I don't think there's a question for research in that.

LAKEHEAD UNIVERSITY STUDENT UNION

The Chair: I call on the Lakehead University Student Union. You have 20 minutes for your presentation. You may leave time within those 20 minutes for questions, if you desire. I would ask you to state your name for the purposes of Hansard.

Mr Sean Hannaford: My name is Sean Hannaford. I'm not here as a lawyer, professional lobbyist, mathematician or accountant. I'm not even a business major. I'm an English major on leave from my studies for the year to represent the students of Lakehead University as their student union president. As president of LUSU, I speak for more than 7,000 full- and part-time students at Lakehead University. As well, I represent more than 450,000 student members of the Canadian Federation of Students across Canada, with a majority of those members residing at universities within Ontario.

I will not be presenting you with spreadsheets or budget codes, and I won't tell you how much you need to spend or how much the solutions to problems cost. Rather, I will give you an account of what worries Lakehead students, and leave it to you, the professional politicians who are here to represent us and solve our current problems within post-secondary education.

I'd first like to just give you a brief outline of what the Lakehead University Student Union is. We are a democratic, non-profit, service-oriented corporation. We strive to provide an inclusive environment for all students at Lakehead. We provide social growth, different programs and events. Just yesterday, if any of you have the Chronicle-Journal in front of you, we had a little bit of a

rally as part of the national day of action within the CFS. We are, I believe, on the third page of the newspaper. I was in a makeshift jail cell, trying to make aware the current debt load that students hold, which is around \$25,000 once they graduate or leave university.

Since time is of the essence, I will get right to the point. There are, I think, four key problems that need to be addressed specifically at Lakehead University and probably across the board at Ontario universities and colleges.

First, access: I believe that every interested student who is able to meet the academic admission requirements of a post-secondary institution of their choice should be allowed access to an education, regardless of their financial background. By deregulating most professional programs, such as medicine, law, journalism and dentistry, we marginalize students, such as students of colour, aboriginals, the disabled, mature students and students with families. Oftentimes, going to professional schools is the stuff that dreams are made of. Growing up, those same aforementioned marginalized students are the ones who dream of becoming a great surgeon or public defender, and currently those dreams are crushed because only those who can meet the financial standards, which have dramatically increased in recent years due to deregulation, are able to attend these schools. This is wrong and needs to be reversed immediately.

While loans are an answer for some people and the prospect of a degree may offer the chance for immediate success in the business world, that is not the case for the majority of students. On average, students will leave university with a debt load of approximately \$25,000. How is a recent graduate, working as a server or salesperson, going to be able to pay back such a great sum? I ask you, should education only be for the wealthy, and is an educated society something we want to see disappear? If you answer no to either of these questions, please consider abolishing deregulation and improving the current grant system for students.

Secondly, financial aid concerns: After inflation and growth, provincial grants to universities for 2002-03 were approximately \$534 million below their 1996-97 averages. As previously mentioned, students leave university with a great debt load. There is a need for grants, not loans, in our society to allow people in middle and lower income brackets to attend schools of higher learning. Again I ask, should education only be for wealthy students? Is an education something we want to see disappear within our society?

Thirdly, probably one of the biggest problems currently at most northern universities, and especially at Lakehead University, is the equation for basic income units. Currently, only 90% of the students at Lakehead University are covered by this equation, which has resulted in a shortfall of approximately \$2.5 million. This means that a large portion of student funds are going to cover pertinent basic things that they should not be covering, such as professors' salaries and maintenance of buildings. This is ridiculous. Our education should be a priority to you folks, and something needs to be done.

As a northern school, Lakehead University offers the chance at a university education to many diverse potential students, from First Nations students to those who live in remote areas of northern Ontario. Without northern schools, many of these students would not have access to a university education, because they could not meet the financial requirements. They either wouldn't be able to afford the cost of relocation or of providing a car or rent or, for a variety of other reasons, would not be able to attend, leaving their homes and going to bigger cities

Lakehead University's population is currently nearly 20% aboriginal, and I believe that our northern placement and focus on aboriginal issues in a variety of classes is of great interest and value to our society. I ask you, should education only be in major urban areas, which are inaccessible to a large portion of students in Ontario, especially northern Ontario? Is an educated society something we want to see disappear?

Lastly, deferred maintenance: Currently, Lakehead University is behind in deferred maintenance, at approximately \$34 million. That means that buildings and constant repairs are not happening. This poses potential health and safety factors for students, staff, faculty and the public at large. Currently, some ramps and elevator equipment barely meet the standards, but there's no money to actually fix these and update them so they're not just meeting the standards but exceeding them. Universities should be a place of growth, a place where more than just the bare minimum standards are met. I ask all of you, would you work in a building that leaked when it rains? Currently, the LUSU office is in the tunnels at Lakehead University, and whenever it rains—a couple of days ago when the snow was melting, there were puddles everywhere. The costs to fix that are extremely dramatic. At this time, I believe only \$400,000 or \$500,000 per school goes into deferred maintenance every year, and that just doesn't fix anything when you've got a \$34-million debt load.

My point is, if you answered no to any of the questions I've asked you today, something needs to be done. I trust that you will find a way to improve the standard of post-secondary education in Ontario.

The Chair: Thank you for your presentation. We have about four minutes per party, and we'll begin with the government.

Mr Bill Mauro (Thunder Bay-Atikokan): Thank you for your presentation. I know we're all under timelines and you're rushing a bit as you speak. But I'd appreciate it now if you would take a bit more time to more fully explain for people here the issue of basic income units, how long a problem it has been for Lakehead University and other northern universities and the impact it has in terms of all of the other services that are offered at universities—the drag this creates on those services.

Mr Hannaford: I'll do my best to answer that. BIUs, or basic income units, is a mathematical equation that

gives points for four-year honours students and full-time students, as well as a lesser point value to part-time students. These points add up to create a basic level for what each school should be getting financially from the government. The equation hasn't been changed in I couldn't even tell you how many years, and that has just put the debt load further on the universities. That means that 10% of our student population isn't currently being funded at all by the government. Professors, maintenance crews, physical plant work that needs to be done around the campus, improvements to facilities, classes, boardrooms, offices, any sort of technological advance is basically coming out of the students' pockets and not going toward classroom teaching. That's irresponsible. Something needs to be done on that level, and I hope you folks can fix that in this current budget.

Mr Peterson: I was fascinated by what you said about 20% of your students being aboriginal. How does that reflect in terms of the population up here? Is that above or below the norm?

Mr Hannaford: I believe it's actually somewhere closer to 17% or 18%. To tell you the truth, I honestly don't exactly know the percentage of aboriginal people in Thunder Bay, but I would imagine it's somewhere around there, if not higher—probably around 30% or 40%. I'm not really sure. I have no idea what the percentage is. I'm not from here. I'm only here eight months a year, so I can't really tell you.

Mr Peterson: Our government is looking at capping tuition and has made some moves in that direction. Yet some of that money could have been used for increasing the number of places, which would have helped us with the double cohort bulge. Do you have any sense how we could prioritize the money? Is it more important for students to have a cap, or is it more important to get more places up here?

Mr Hannaford: I think that's a trick question. You're asking me to choose between my left hand and my right hand: Which one should I chop off? I think both are equally important and we need to find more money to make both available.

Mr Peterson: If we don't have more money, which one would you ask us to choose, if we have to choose?

Mr Hannaford: I don't think it should be a choice, to tell you the truth. I think you need to find a way to do it, regardless.

The Chair: Thank you. We'll move to the NDP.

Mr Hampton: I'd be happy to ask all the opposition questions since I'm the only person from the opposition here. So thank you, Chair.

The question that was just put to you is now truly in question, because that's not the question the Liberals were asking before the election. The question they were asking before the election was, "Please vote for us because we'll make all these investments." Now they seem to be saying, "Gee, you know, maybe we were naive in saying those things before the election, or maybe we didn't mean it." Now they seem to be saying, "Ha, where do we cut, or where do we privatize, or where do

we increase user fees?" So I want to ask you this, and I guess I'm asking you this for the edification of the Liberal members: Do you think it's more important for the government to keep its promise to the Canadian Taxpayers Federation, which says, "Above all, balance the budget; above all, no tax increases, and if you have to, to balance the budget, privatize hospitals, privatize health care, privatize education, privatize public services"? Do you think they should keep that promise, or do you think they should keep the promise about investing in our public services, investing in the things that the majority of us need every day? Which promise do you want them to keep?

Mr Hannaford: I think the problem with politics in this day and age, and probably with politics in general, is that politicians seem not to keep their promises. Ideally, both those promises should be kept. Obviously, as a student, as the president of the Lakehead University Student Union, I feel the latter promise should be kept because that was a promise to us, but both promises should definitely be kept. Why just say anything? Why go out and make your platform, have your stance, fool people into believing in you and then go and turn everything around and say, "You know what? Now that I'm in here, it doesn't seem like this is plausible or possible, so I guess I'll hem and haw and make a few minor changes to appease a few people," rather than keeping your word? I think that's what needs to be done. People need to keep their word, be accountable for their actions.

Mr Hampton: From the perspective of somebody who is a post-secondary student now, how do you see yourself paying off a \$25,000 debt? Assuming when you graduate from Lakehead that you're like the average university student and you go away from here with a \$25,000 debt, how do you see yourself paying that, plus the interest? As I understand it, now the interest is payable within six months after you graduate. How do you do that when most people graduating have perhaps a tough time finding a job, and probably the first job isn't a high-income job?

Mr Hannaford: It's a difficult conundrum. You've gone to university with this whole promise that the future will be bright and you come out owing \$25,000 or more. If you're a doctor, you're owing upwards of \$80,000, \$100,000, what have you. If you don't have a wealthy family who can support you, if you don't have close friends who can help you out, you're kind of behind the eight ball. If you come out of university and the best you can do is have a couple of serving jobs or work in retail, you're never going to get ahead. At the same time, how are you going to start applying for those real professional jobs that you thought, "This four-year degree will allow me this bright future and this nice corporate job"? It's just not going to happen. You can't balance everything when you owe hundreds of dollars every month to the government for OSAP or whatnot, rent. If you are fortunate enough not to have a family, out of university, and you're on your own and you only have to support yourself, it makes it maybe a little easier. But imagine that you're disabled or you have any sort of social ailment that's pressuring you just to stay ahead and stay afloat; it's not going to happen. You're going to end up in less than acceptable jobs for someone who has a great degree, a professional degree.

The Chair: Thank you for your presentation this morning.

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LAKEHEAD UNIVERSITY

The Chair: I call upon Lakehead University. Good morning, gentlemen. You have 20 minutes for your presentation. You may allow for questions within that 20 minutes if you so desire. I would ask you to state your names for the purposes of our recording Hansard.

Dr Fred Gilbert: I am Fred Gilbert, president of

Lakehead University.

Mr Michael Pawlowski: Michael Pawlowski, vicepresident, administration and finance, Lakehead University.

Dr Gilbert: Thank you for this opportunity. What we will be presenting this morning is symptomatic, I think, of some of the system problems within the university sector of post-secondary education, but we want to use this opportunity to give you some perspective on the special conditions that affect Lakehead University.

As you've heard from the student union president, one of the issues that has beset Lakehead University for over 15 years now has been the issue of unfunded students, the unfunded BIUs. The basic income unit is in fact a measure of the degree program that the student is in and it is reflective of a higher count for students who are in professional programs, students who are in graduate education. But the conundrum we have faced as a university is that we have had as many as 25% to 30% of our students unfunded by the government grant.

Last year we had some compensatory action taken that assisted us with the unfunded student situation, and that was an increase in the northern grant. The increase in the northern grant affected all three universities in the north. Only two of those universities have had the same type of problem, that is, unfunded BIUs. The third university, which in fact was not in that situation, also received an increase in the northern grant. It means at this point in time we are somewhere between \$2 million and \$3 million underfunded. The impact over the previous decade was approximately \$60 million. I don't need to tell you what the consequences of that underfunding have been for a university of our size.

We also have other issues related to revenue funding for the university. The freeze in tuition will affect our university by meaning that \$650,000 in revenue that would have come from the allowed increases in regulated and deregulated tuition fees will not occur. We ask this government to understand the consequences of that, to understand that our budgeting has been based upon policy that was established by the previous government

and that we will be in a difficult situation if the revenues we are counting on do not materialize for this coming year. One of those is the tuition revenue. In our case it's a \$650,000 issue and in the case of the system I believe it's closer to \$70 million.

Quality assurance funding was another policy that had been put forward and approved by the previous government. This was in addition to full average-cost funding for each student within the university system intended to start to make up for some of the lack of inflationary funding that had been in place for the better part of a decade. This was also recognition that the universities were coping with the increases in student populations that had resulted from the double cohort, and this was an attempt to ensure that there would be at least maintenance of appropriate quality levels within the universities. Again, our budgeting and our expectations within our university were dependent upon these revenue sources that at this point in time appear to be in some jeopardy.

The deferred maintenance issue has already been indicated. The deferred maintenance issue again is not unique to Lakehead University. Within the system we're looking at probably slightly more than \$1 billion in deferred maintenance costs that are sitting out there as issues to be dealt with. Across the country there is almost \$2 billion in deferred maintenance at universities and colleges.

In our case, we have a special problem in the sense that most of our buildings were put in place during the 1960s and early 1970s and as a result the construction included asbestos. Any work we do now on these buildings requires that we put in place special conditions during the construction phase to control the asbestos and in fact remove it. That means, although we have a \$34-million deferred maintenance issue facing us, if we were to act on many of those areas, we would have an additional 50% cost because we have to control the asbestos problem while we intervene.

As a university and again as a system, we have a situation where the SuperBuild funding that was put in place to fund the expansion of the university system for the double cohort did not provide full funding. In our case, it provided 50% of the cost of the advanced technology and academic centre at the university. We have been fundraising for the additional cost. This is a \$44-million project; we've been fundraising for close to \$23 million.

Needless to say, we're in a very competitive environment out there for fundraising at this point in time and the issue we're facing, which some of the other universities are facing, is that in the foreseeable future we will probably have to finance some of the cost of this construction. We ask this government to consider that if they are not in a position to provide the full capital cost, some consideration be given to providing to the university sector interest-free loans that would allow us to reduce the impact this will have on our operating budgets.

The Northern Ontario Medical School is a very special and important initiative for northern Ontario and we believe for rural and remote areas in the country, and that includes areas of southern Ontario as well as northern Ontario. Again, this is a funding issue in that the plans for the Northern Ontario Medical School for the Thunder Bay campus clearly indicate what the capital costs are going to be to meet the needs of the numbers of students who have been allocated to the campus. The funding that has been generated in terms of capital for the Thunder Bay campus is insufficient to meet the needs of the campus requirements. We're underfunded probably by close to \$5 million at this point in time. The most important impact of that is that when we complete the construction of the three-storey building that will be underway this spring, an entire floor, in fact the research component of that building, will be shelved. We do not have the funding to complete the third floor of this building and provide the incentive for recruitment of the faculty, that is, that they will be able to step into a research lab once they arrive.

In addition to that, because of a government delay in decisions related to the siting of the Northern Ontario Medical School at Lakehead campus, we had to delay construction on ATAC. The cost of that delay amounted to close to half a million dollars. Again, government has not reimbursed the university for that capital cost, which we have absorbed at this point in time.

I don't think I need to tell you what the economic benefits of Lakehead University are to this community. In fact, the opportunities for innovation, economic development and, in our case, biotechnology development in the city of Thunder Bay are really a reflection of the research activities at this university, and I think you can say that for any of the research universities within the province. They have a special role to play in economic development and in terms of the socio-economic future of the province.

The last item I'd like to address is that we recognize the government is dealing with a deficit at this point in time. We know that all options are on the table. We simply want to caution the government about moving in the direction of increasing taxes at this point in time, and let me give you the rationale for that. Part of the attraction in terms of both business and, in our case, attracting faculty is the taxation climate within the province. If we were to reverse some of the actions that have been taken to put this province in a more competitive position, it will I think compromise our capacity to recruit faculty, as one example.

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Although it's certainly not popular, and we know that it has been in some cases put forward as an option but not endorsed, either by commissions or by other approaches—the fact is that the biggest cost factor that government is dealing with right now is the health sector. The increases in costs there have been such that they have detracted from the ability of government to fund other areas. The suggestion is that this is an area where

user fees, copayments, really do make sense. There are lots of examples from other jurisdictions where even minimal copayments have reduced the pressures on the health care system. We put that simply as a reflection of something that we think should be seriously considered by government.

That's our presentation. I'd be happy to respond to questions that you may have.

The Chair: Thank you. We have about three minutes per party. We'll begin this rotation with the official opposition.

Mr O'Toole: Thank you very much for the presentation. I did manage to read through, even though I wasn't here, and I apologize for that. I would say I'm quite familiar with the school, as I had a daughter graduate from Lakehead in education.

The Northern Ontario Medical School was really an important, quite explosive issue when it was being developed. The delays are understandable with the two-campus concept. I don't think they can be always—I think the project finally being committed to is extremely important in the longer run to deal with some of the issues around the shortage of doctors, specifically in the north. I'm confident that the new government will have plenty of money to bring to the north, hopefully, because that's really an important longer-term solution for the shortage. I'm surprised when you say the third story won't be completed. You could really respond to that. The research labs and all of that are kind of important when you look at leading-edge medicine.

But I'm really looking at the whole concept, as you mentioned in your presentation, of the word "innovation." Innovation in the public sector is not a conundrum, but it's difficult because of the cultural traditions that occur and the autonomy that occurs, not just with the faculty issues—who does what for how much money, when, what's the tenure, and all that kind of stuff. How do you deal with innovation when you're trying to look at the new concepts of e-learning, NORTH Network, multi-functional research projects that could be in Boston? They're not just here; they're kind of collaborative. That innovation is going to mean that you break most of the traditional cultural relationships and fund real innovation—people who aren't just tenured people who are due for a top-up. Do you understand?

Dr Gilbert: I think I can understand where you're going with that question. That's part of the reason that the university made a commitment to be at the forefront of technological learning. The advanced technology and academic centre, which is now in operation, provides the university with the outreach capacity to link in with other members of not just the postsecondary education sector but the private industry sector. That means we can capitalize on the technology in that building to do innovative things, both in terms of delivery of education and also in meeting some of the needs that industry and the public sector have.

Mr O'Toole: Actually, it's a commercial relationship, technically. It's taking knowledge and commercializing

it. It sounds a little bit crass, but actually that's its value to society: just getting it to the market.

Dr Gilbert: That's part of the premise of the Northern Ontario Medical School, a recognition that the shared resources between two universities and the capacity of the Internet are going to be important to allow us to reach out to northern Ontario and to bring the best from around the world as part of the educational function of that facility.

Mr O'Toole: Good luck. Thank you.

The Chair: Thank you. We'll move to the NDP.

Mr Hampton: I'm struck by your last recommendation. Your brief seems to argue persuasively in terms of more public funding for education, but you then point out that the way to do that is to impose copayment fees or user fees on the health care system.

If I remember correctly, Mr Romanow and his commission canvassed this issue rather exhaustively, and his conclusion—you may have read it more closely than I—was that user fees, in effect, often had a negative impact on health in the sense that if you put user fees at the front end, people will get sicker before they go to the health care system and they very often will end up in an acute care facility or under acute care attention, which costs a great deal of money. In fact, his argument was that you really need to open the door to health care sooner in terms of prevention and health education.

Dr Gilbert: I have read the Romanow report and I'm aware of the different arguments that are presented related to this. That's why I said minimal copayment. There is evidence from the United Kingdom and other jurisdictions that have put in place minimal copayment requirements, or user fees as they're called, that they relieve the pressure on the system because the people who have minor ailments do not use the system the way they currently do when it's fully free.

If you increase above a certain threshold, then the situation that you have mentioned does in fact pertain. You have to be very careful to ensure that you do continue to provide access to the people who require service. The issue is one of finding that appropriate balance.

Mr Hampton: I just want to follow up, then. You live in northwestern Ontario; I live in northwestern Ontario. From my perspective, the most difficult health issues we confront are the health issues of the aboriginal people, who have very low incomes, and yet the federal government's funding of aboriginal health care is probably at a Third World level. I wonder how imposing health care user fees would impact on people who are already very poor and are, I would argue, grossly underserviced in terms of access to health care.

Dr Gilbert: I don't argue with what you're presenting, but I'm saying that that is a sub-segment, in effect, of the total issues related to health care. There is no question that the need to provide appropriate health care to aboriginal peoples is part of the reason we have the Northern Ontario Medical School in place, and that is to ensure that we have co-operation among the various

health providers to ensure that the delivery of health care is appropriate in some of these aboriginal communities.

The issue is complex. But the population centre is not northwestern Ontario. The population centre in this province is in fact southern Ontario; it's the GTA. That's where the primary pressures on the system in terms of dollars occur. If you look at that in relationship to the impact, that's where the savings can be generated.

The Chair: We'll move to the government.

Mr Mike Colle (Eglinton-Lawrence): There are some very provocative things in this presentation, Dr Gilbert. The first thing that interests me is your comment that we ought not to increase taxes. How are we ever going to pay, then, for this deficit? The previous government increased the debt by \$50 billion, which costs us \$10 billion a year to finance. How are we going to pay for the university demands?

On top of that, we're getting comments from corporate people who are saying, "The biggest advantage I have in recruiting people to Canada is they don't have to pay for their private health care. If I hire someone in the States"—there are people who have offices in Canada and the United States—"I have to top up their salary by up to US\$20,000, whereas in Canada, because of the public health care system, I don't have to give that employee that top-up." So you're saying it's more important, in recruiting people, to have lower taxes rather than a good health care system?

1040

Dr Gilbert: No, I didn't say that. I think you're putting words into what I presented, which did not in fact make that distinction. What I said was that when this government looks at its options related to raising revenues, instead of immediately moving to increase taxes it should look at other options, including copayments in the health care system.

Mr Colle: The other thing is, briefly, what's the core of the underfunded student problem here in Lakehead? Where did that start and what's the germ of that?

Dr Gilbert: The germ of that relates to about 1988-89, when the formula funding was put in place. It was a corridor funding base, and at that point in time the universities were asked to establish what their corridor midpoint would be. The corridor was a 3% band on either side of the corridor midpoint within which your student numbers could fluctuate but you would still be funded at your corridor midpoint level. This university requested at that point in time a corridor midpoint setting higher than it received. It was told, as all universities were, that should there be a consistent period of time over which they exceeded that corridor there would be a revision of the corridor. This university, within the third year after its corridor was set at a value below what it requested, exceeded that and has exceeded it ever since. That means that the differential between that 3% band over the corridor midpoint for Lakehead University and the actual number of students represented students who did not receive government grant for that entire period of time.

Mr Colle: So basically it was a benchmark problem.

The Chair: Thank you for your presentation this morning.

Mr O'Toole: Mr Chair, before the next presenter, I'd like to clarify on the record that the previous government did not incur, or put, \$50 billion on the debt. I just want that to clarify the record. We've established that in previous meetings.

Interjections.

The Chair: Order, please. If the committee would recall, you're asking research to research that very point, so it would seem unusual to come back and ask for research to do it again. We have it on the table that research is looking into that particular figure for the benefit of all the committee.

I call upon the Nishnawbe-Aski Nation.

They're not here.

Is the Thunder Bay Regional Health Sciences Centre here?

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION, DISTRICT 6A

The Chair: It's my understanding that the Ontario Secondary School Teachers' Federation, district 6A, has just entered the room. They need a moment to come forward. We'll oblige them with that.

The committee appreciates your being early this morning and your ability to move up from your normal time slot. You have 20 minutes for your presentation. Within those 20 minutes you may leave time for questions if you so desire. I ask you to identify yourselves for the purposes of Hansard. You may begin.

Mr Terry Hamilton: Thank you and good morning. I'm Terry Hamilton. I'm the president of district 6A, Thunder Bay, of the Ontario Secondary School Teachers' Federation. With me today is Susan Smith, president of the education assistance bargaining unit of the OSSTF locally.

We would like to thank the committee for being given the opportunity to present this morning. As this will be the government's first budget, it will clearly show the citizens of Ontario the path that the government is planning on taking. We hope that the first steps the government takes are in the right direction—I perhaps should have said the correct direction; I'm not sure you want to go any farther right. The last election gave the Liberals a strong mandate to change the direction of the province. Unfortunately, this government is being impeded by the Balanced Budget Act and the Taxpayer Protection Act. We believe that no previous government should be able to shackle the current government with a passé ideology, and we encourage the government to repeal these two unproductive pieces of legislation.

We applaud the government for quickly eliminating both the private school tax credit and the exemption for seniors from the public education component of the property tax, and we hope that the government can continue to support and strengthen public education in Ontario.

Our first recommendation is to adjust the education funding formula benchmarks and review the funding formula annually. Dr Rozanski determined that by not adjusting the benchmark costs of the funding formula to keep up with inflation, public education was underfunded by over \$1 billion. The Conservative government started to address this problem by adding \$350 million to public education last year and had promised a similar amount for this year if they were re-elected. These costs were the first two years of the three-year catch-up phase recommended by Dr Rozanski. We believe that this must continue; however, even if the government continues to commit funds to address this underfunding, public education will remain underfunded due to inflation over the three years of this catch-up phase. We believe that there should be something in place to account for inflation during this period.

We also realize that there are other issues related to the funding formula. Services in the funding formula are categorized as classroom and non-classroom components. Funds granted for classroom components cannot be shifted to non-classroom components; however, funds granted to non-classroom components can be shifted into classroom budget items. This is what boards were forced to do as budgets became underfunded. This has especially affected support staff workers. Also, as funds can be shifted between classroom components, cuts have been made to things like classroom supplies, library staff, guidance staff and staff development. Appropriate levels of support in these areas should be determined and properly funded.

We believe that attempting to give students across the province the same access and opportunities to public education is a worthy goal. We also believe that a formula is an objective way to determine funding; however, the difficulty in creating a formula that is fair for every part of the province must be daunting. The extreme cold that has affected parts of the province in the last month and has driven up heating costs only serves to emphasize this point. Also, other utility costs have risen dramatically. I know that the Lakehead board, for instance, is looking at putting a further \$700,000 toward utility costs for next year because they're concerned about increases in their hydro rates. The funding formula should be reviewed

Susan Smith will speak to our second recommendation, that the intensive support amount section of the funding formula should be reconstructed to reduce the paperwork involved in the application process.

annually, with adjustments made for inflation.

Ms Sue Smith: Special education teachers spend an inordinate amount of time on the paperwork, and this ISA funding process only makes this worse. Specialist teachers or special classroom teachers have to complete IEPs for all their students within 30 days of school; their October reports are due; IPRCs are due for new students, which then involves another IEP for the students; and at the same time, these ISCIS submissions must be completed. It's a lengthy process. As an educational assistant in our school board, I see first-hand what happens to the

teachers when they're spending this much time on the paperwork. They're not then able to spend the time with the students whom they should be helping out in the programs.

This process involves not only the paperwork, but the gathering of the information for that paperwork, which involves maybe a physician or an audiologist or someone you don't have easy access to. It's not something you can do on the weekends or in an evening. All of this is required at the same that the special classroom teacher or specialist teacher would be teaching all day long as well as be trying to organize their department. All of this is done with limited resources.

The manpower hours, as I've said before, that are used to complete these claims could be used to assist student programming to all students so they have equal opportunities.

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The applications are often rejected because the exact language required was not used. These applications are being submitted by experts in education and experts who are working with special-needs students. We really wonder how many of our special-needs students do not have the support they need due to the application process being rejected for this reason.

Then there's the other side of it: the claims that are approved that generate the funding for the local school boards. Then they have the difficult task of deciding which students receive that support. The funds aren't allocated on a student-specific basis, so that way the board has to almost look at each disability, which then pits the disability against another disability, and it almost comes down to who can lobby the best.

We worry about the students who don't meet these ISA profiles. These grants are established for the boards' overall allocation for special education, not for specific need. We feel that the government must fully implement all of the special education recommendations of the Rozanski report.

Mr Hamilton: Our third recommendation is that school support staff, including office, clerical, technical and plant support workers, should receive adequate and dedicated funding. I've already talked about the problems between classroom and non-classroom components. This is another example.

The school operations allocation of the pupil accommodation grant provides funds for heating, lighting, cleaning and other routine maintenance of schools. As heating and lighting are fixed costs, custodial services and routine maintenance have been cut back. This has caused many problems, both inside and outside of our schools. This time of year is especially difficult for our custodial staff. Clearing snow from all the entrances of a school is a serious safety concern, yet our schools have either one or two custodians and less than two hours to do all of this before students start to arrive. While this is happening, other maintenance and cleaning is not happening in the schools.

As a matter of fact, when I was talking to a principal this week, he told me that his head custodian had asked him to bring in extra custodial help. He wanted this extra custodial help to remove snow drifts that had piled up against the windows of the school. Of course, they started to melt, and this water was going to be causing problems with the building, including, I believe, mould eventually in the classrooms.

Also, because of the lack of custodial time, simple maintenance is not being done in the schools. Instead of repairing lockers, in some schools they're just being bolted shut and left unused.

Custodians are in the halls when teachers are in the classrooms with students. This is an adult presence that adds to the safety of our schools. They are usually the first people who notice visitors coming in and out of our schools.

Other areas have also been affected. We have fewer office staff, in spite of the fact there are greater demands for reporting to the Ministry of Education. Increasing accountability is a goal of every government, but this increases the workload for the office staff.

The education system requires a team of professionals working at numerous tasks. All of the members of the team are required to support our students in their education. Setting benchmarks at the appropriate level would help alleviate some of these concerns.

Our fourth recommendation is to eliminate the Education Quality and Accountability Office and reinvest the savings in supporting teachers with diagnostic testing that can be used to improve student learning. This organization that's supposed to improve accountability doesn't seem to be very accountable itself. The services supplied by the EQAO could be done by the Ministry of Education at a much lower cost. Also, these tests are highpressure tests for students. I wonder how many people in this room would be willing to sit through a three-hour test two days in a row, and that's just the grade 10 literacy test.

Mr Colle: How many could pass? I'd be interested.

Interjection: I think our side could pass it.

Mr Hamilton: The information gathered by these tests is not actually used to individualize programs for students. It's used more often to punish schools and school boards. If these tests were eliminated, the savings could be used to support teachers to use diagnostic tests to develop individualized programs for students. This would really improve student learning.

The majority of the students who do not pass the grade 10 literacy test are in the applied or workplace streams, although almost all of these students are not earning credits quickly enough to be able to graduate in four years. So the tests are not actually telling students, parents and teachers things that they don't already know. One of the principals I was talking to this week was saying that he had 28 students in grade 12 now who have not passed the literacy test yet. Only two of those are actually in the university stream, and part of the problem was that they only chose to write the test once. The rest are all workplace students, and I believe some of those

students are missed because they do not fit the profiles for ISA funding. These students, like I said, continually are not given the opportunities they probably deserve.

This leads me to the fifth recommendation, that the government should re-establish the funding level for students over the age of 21 to the same level as high school students in regular day schools. Those students who are not able to graduate on time, who are not able to pass the literacy test and are still trying to get a high school education wind up being at schools longer, wind up being there when they're over that age where all of a sudden the funding drops to about a third of what it was for them when they were under 21. These students haven't received the support all the way along that they deserve. We recommend that the province reinstitute the funding at an appropriate level for these students.

In the long run, a better-educated workforce is going to benefit the province and the economy. I think that in the information technology age it's important for all of our students to have an education.

I'd like to thank the committee again and remind the government that in the throne speech of November 20 they said, "It's time to begin to build a new path, with cooperation, creativity and a genuine commitment for what's best for our" students.

At this time, we'd welcome any questions the committee would like to ask of us.

The Chair: Thank you very much. We have about three minutes per party and we begin with the NDP.

Mr Hampton: Thank you very much for a brief which was very specific and I think zeroes in on some of the really important issues.

I want to ask you about your first recommendation to adjust the education funding formula benchmarks and review the funding formula annually. If I remember correctly, Dr Rozanski actually said that the public school system is being underfunded to—I believe he used a figure of almost \$2 billion a year. He didn't make a lot of specific comments about inflation, but he did say in his report that he really hadn't added in inflation. Your brief says that not only do you have to adjust the benchmarks but you've got to take account of the inflation factor.

So let me ask you this: Does the OSSTF have your sense of what needs to be reinvested in the school system in order to ensure that we don't go further downhill, in order to ensure that we address some of these problems?

Mr Hamilton: I think the recommendation by Rozanski of \$1 billion over three years, which winds up being about \$350 million, is the starting point, but then we have to try to keep up with inflation. I think the education budget for last year was somewhere around \$16 billion. If we have an inflation rate of 2% to 3% annually, we're looking at probably somewhere between \$300 million and \$450 million on top of that, plus there are some other areas that have to be addressed. I know there were recommendations for special education funding and that the Conservative government put in about \$130 million of the \$250 million that was required. So I expect that when it's all added up, it's going to

amount to somewhere around about \$800 million just to kind of keep up without being able to slide backwards.

That doesn't actually address some of the other concerns we have. Here locally we have some concerns partly because of the age of the building and with heating costs and lighting costs. They're just not very efficient structures. Right now we have six high schools in the Lakehead ward and, although we have lost students and we might be able to close some of those high schools, we're still left with schools that are a minimum of I think about 35 years of age now and the cost to rebuild some of those structures would perhaps be even greater. So that's just a minimum cost, to tell you the truth.

The Chair: We'll move to the government.

Mr David Orazietti (Sault Ste Marie): Thank you for being here today. You're bringing forward some excellent suggestions. Let me say I can relate, having been an OSSTF representative in Algoma and district too, and having taught for 10 years; I know first-hand of the issues that you're referring to. Let me say this first: Our government is committed to engaging and listening to the education partners. We want to rebuild our relationship with stakeholders such as yourself and we look forward to doing that over this term.

Yesterday in Timmins we had presenters, education stakeholders, who were doing some very interesting things with the four boards there to try to reduce some of their costs. We want to work with you to find solutions to our deficit problem so that instead of spending \$10 billion a year servicing the provincial debt, we can reinvest in our core public services like health care and education. I'm asking for you to work with us. Do you have any suggestions? How closely are you working with other boards in the area to try to find ways to reduce costs and services so that the valuable public tax dollars we have to spend in education, to get into the classroom and actually serve those children, are being maximized?

Mr Hamilton: I'm not one of the trustees or administration at the school board. I'm not exactly sure of all the things that happen, but I do know there are some things happening between school boards. I know they try to share some services. For instance, our instructional media services are kind of shared between the school boards. Our board is continually looking at saving. As a matter of fact, they altered the school day starting time for secondary schools this year. They moved it to 9:30, which allows them to use the buses more efficiently. They do more double-routing of those buses to try to create some savings there.

But there's only so much you can do in some of those areas. As I said, the difficulty, especially with rising inflation and the cost of hydro these days, is that those things are something that schools can't avoid. They have to have the lights on and they have to try to make sure the buildings are safe and healthy environments. Well, the more money they put toward those things, the less money they have for being able to support students in the classroom.

The Chair: We'll move to the official opposition.

Mr Toby Barrett (Haldimand-Norfolk-Brant): I thank OSSTF for the presentation. I say that as a former member of OSSTF.

The funding formula: You recognize the endeavour to equalize funding for each and every student across this province and indicate that that was and continues to be a daunting task. I represent the rural south. My area does not have a city this size. I guess 15,000 is the largest town in our area. I detect—this came up in Timmins as well—geographic inequities. We have a problem in our area. We're losing our high schools. They're closing for lack of students and other reasons, and I wanted to get an idea in northwestern Ontario.

We know there's a voluntary moratorium right now from this government, with no legislation to back it up, on school closings. I understand that the funding formula is in the works. There's money forthcoming to enable schools to close. What's the situation up here, not only with the threat of high schools closing but elementary schools? What approaches are you using here? It's a very big issue in my part of southern Ontario.

Mr Hamilton: Certainly the Lakehead board, which I work for, is suffering from declining enrolment. Also, there has been a shift in demographics. The board has had a committee that has been looking at this issue for the last two years. They made some recommendations last August that did talk about reducing the number of elementary schools. They're looking at creating grades 7 to 12 schools as well to utilize some of the space that has been created in secondary schools as another alternative for students.

Mr Barrett: Is that elementary and secondary?

Mr Hamilton: Yes, right now they actually have two schools that have some grades 7 and 8 students in working with them. Not all the 7s and 8s are in that program and in those schools, but they definitely are continuing to look at some of these features. They had made a decision even before the moratorium to not close any schools for September 2004. So any recommendations that come out of this committee that were supposed to happen in, I believe, April wouldn't happen. The earliest would be September 2005. But definitely there are some concerns and this board is certainly looking at that as an issue.

I believe there is supposed to be a report. I cannot remember the name of the company that is doing an indepth study of the demographics of the city to make some recommendations. That also might entail having to build schools, like new elementary schools, in areas where there has been an increase in population. We definitely have seen movement from the core city to the surrounding area, those semi-rural areas that perhaps don't have a sufficient number of elementary schools.

The Chair: The committee thanks you for your flexibility this morning. We appreciate it very much.

THUNDER BAY REGIONAL HEALTH SCIENCES CENTRE

The Chair: I call on the Thunder Bay Regional Health Sciences Centre. Good morning. You have 20

minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire.

Mr Ron Nelson: I thought I had 10, but that's fine.

The Chair: I would ask you to identify yourself for purposes of our recording Hansard.

Mr Nelson: My name is Ron Nelson. I'm the vicechair of the Thunder Bay Regional Health Sciences Centre. This is certainly a new experience for me. I've never done anything quite like this before. I don't know what the protocol is, if you'd like to know anything about me. If not, I'll just continue on with my presentation.

Mr Peterson: Only the good things.

Mr Nelson: The good things? I'm a great guy.

I really want to thank you for the opportunity to present today. I don't envy you your job. It must be fraught with a lot of moral and ethical dilemmas, especially when you're talking about health care and education and that sort of thing.

I wanted to start off with the Kirby report. Senator Kirby mentioned that if we do have a two-tier health system, it's probably not the rich versus the poor, but the rural versus the urban. Much of the handout that goes over the demographics and the geography of our region will back that up. We're largely serving a rural population, with higher costs, and of course we have our unique aboriginal issues in this region.

As you're probably aware, we're part of the Northwest Health Network, which at present is working extremely well. In fact, this week we just got word of a \$1.5-million investment over two years that will allow the region to have a shared patient record, which will have quite an impact on the amount of travel that's done in the northwest.

I believe that this network is working well but I believe it's just the start. I believe it's an opportunity to be a world-class regional governance environment. It sets the tone. Many of the players are already at the table: the ministry, the CEOs of the regional hospitals, the CCACs, cancer care and so on. As that develops, I see the network taking a larger and larger role.

I use the words "governance environment" advisedly. I think the term "governance model" kind of scares people, that there's going to be the ministry there telling everyone what to do. But the way this is developing is quite remarkable. We have a very collaborative environment at the network. We're making decisions collaboratively and we're co-operating, so any support we can get to develop that network will be really beneficial to the northwest.

1110

We need to look at new ways of allocating resources efficiently, and I think this is one of the ways we can do it. There is a lot being done around the region to work together to try to create efficiencies. So any support you can give us to increase that—I know we're trying to get funding from Canada Health Infoways, and I know there are people working to help us get funding to improve the pathways in the northwest.

Obviously the regional hospital is the hub of the region. We have to take into consideration the geography and demographics of our region. One of the things we'd like to be able to do is have governments recognize that its OK that regions have differences, that we can have a dialogue and partnership with the ministry that establishes what services Thunder Bay Regional should provide in consultation, so we can have the most excellent health care for our region. It's OK for us to be treated differently, or any other region can be treated differently, based on local needs. Preferably we would like to establish that—decide what is going to be provided and what isn't going to be provided—and then have that funded, preferably on a multi-year rolling budget. I know that's been much talked about. It certainly would be a benefit to us, in terms of our efficiencies, to have a budget we can work with over a two- or three-year period, obviously with annual reviews.

One of the main problems we have in our region is this thing that's come to be known as "closed to the region." It's where we work with CritiCall. When Thunder Bay is overflowing—we often have 20 or 25 stretchers in the hallways of our emergency department—it's just impossible from a safety point of view and a staffing point of view to take patients. One of the reasons for this is that we've had over 60alternate-levelof-care beds taken up in our hospital. Even though we've been funded in the short term at the McKellar site to take the pressure off, there's absolutely no doubt in our minds that long-term and chronic care capacity in northwestern Ontario is going to continue to be a critical issue for us. Certainly I think there's room for more public participation in this, and perhaps opening the McKellar site will open the dike in that regard.

Of course, one of the frustrations for us is that the normal referral centres seem to be closing down. Winnipeg is taking hardly anyone any more. Timmins and Sudbury are sending people on. It seems to be evolving that our transfer of choice is going to be Duluth, which is a very high cost situation: upwards of \$10,000 to \$15,000 for a patient to be sent there.

One of the frustrations for us is that we look at the success of the network and how we're talking together, and we say—I know the word "silos" is often used when we talk about things—why can't we have a cost-benefit analysis on that sort of thing to sort of break down silos at the ministry? The cost of sending patients out to Duluth is horrendous. It all goes back to the chronic care spaces and the ALC beds. We need a long-term solution to that. We need to work collaboratively to try to solve that.

Finally—you see, I told you 10 minutes—I'd like to say a word in support of family physicians, especially given that our new medical school will be rural and family oriented. As part of your deliberations, you're probably looking at physician remuneration and how that's going to go forward. I personally feel that the family physicians—and I've talked to many of them—are kind of the backbone of caregiving. We need to establish

a reward system for family physicians that causes new physicians to want to choose that as a career. Right now there seem to be a lot of disincentives. Family physicians are telling me it's not lucrative enough for them. I know it doesn't always come down to money; more and more young physicians are looking at lifestyle choices. We would like to provide an environment in the northwest where family physician is a career of choice, because that's what is going to provide good patient care in our region and all the smaller communities. Come to Thunder Bay for the specialties.

In summary, if I could just wrap up what I want to say this morning, our Northwest Health Network is operating well. We need to build upon that and have more efficiencies in the region in how we give excellent patient care. Recognition that we're underserviced is not an issue. It is recognized and we're having good dialogue with the ministry. But the costs in rural and remote areas are much higher. So our hospital would like to settle what services will be provided in a partnership and have those funded in an appropriate way on a multi-year basis. Long-term and chronic care is not going to go away. In order to serve the region properly, we're going to have to increase the capacity for long-term and complex chronic care. And we need a new look at how we fund family physicians. Thank you.

The Chair: We have about three minutes per party,

and we'll begin with the government.

Mr John Wilkinson (Perth-Middlesex): I just want to ask a couple of quick questions. We've been having a lot of discussions. ALC—give me that acronym.

Mr Nelson: Alternate level of care. We're an acute care hospital, and these people shouldn't be in there; they should be elsewhere.

Mr Wilkinson: Because the system is backed up?

Mr Nelson: Yes. We have people come in to emergency, and by law we cannot refuse them. In fact, on a regional level, if it's a trauma we don't ever refuse. On the other end, there's no place, there's no outflow. So we have a tank and we can't turn the tap at the bottom to drain it. It's bunged up. We're often in gridlock.

Mr Wilkinson: CritiCall is how you refer patients to other—

Mr Nelson: Yes, the regional hospital will phone and ask, "Where can we send them?" If you talk to Ken up in Red Lake, who is the CEO up there, he'll tell you that doesn't really work for them, because the distance is so great. We've had people waiting on runways up there or who can't get an airplane or that sort of thing.

Mr Wilkinson: One of the things we're finding everywhere, in a sense, is this tremendous service deficit we've inherited as a government. We have what we call negative cost spirals.

Mr Nelson: I appreciate that.

Mr Wilkinson: This is what you're talking about: sending people to Duluth, for example. Because we didn't spend a little bit of money here, it costs more money to back up the system, which costs more money.

Mr Nelson: Exactly.

Mr Wilkinson: One of our jobs is how to break those log-jams and how to stop that spiral. If there were one recommendation you could make to our government as to how to do that—in other words, how to spend the money better—what would that be?

It's not that we don't have money to spend; the question is, how do we allocate it and try to stop these negative cost spirals? We can do all the cost-benefit analyses in the world, but we have a lot of people coming here telling us that we have a system that works but doesn't work well when it comes down to delivering service.

Mr Nelson: I'd like to build on the model of the network that I talked about, where we have all the people involved in the same room talking about the same problem.

Mr Wilkinson: Is the government there? Is our

government there?

Mr Nelson: Yes, the ministry is there. But if you want to tackle that specific problem—I don't know who's involved in signing off on the \$15,000 to get the jet to take a person to Duluth, but it seems to be a different spot that funds the hospital.

Mr Wilkinson: The idea of silos.

Mr Nelson: So can we and the various organizations get together and talk about how we might—for sure, I don't have the answer sitting here, any more than you do; we've just identified it as a large issue. But surely we can solve it if we talk together.

Mr Wilkinson: I think from our end it's the silos.

Mr Nelson: Yes.

The Chair: We'll move to the official opposition.

Mr Barrett: Thank you, Mr Nelson. I'm really intrigued: You make reference to the Kirby report, focusing on inequities in delivery or accessibility to health care. You indicate it's not so much a rich versus poor but a rural versus urban issue. I represent a rural area in the south of Ontario. There are a few things you didn't mention. I see in the report that "Medicare payments to rural hospitals and physicians are dramatically less than those to their urban counterparts for equivalent services."

Mr Nelson: Which one are you referring to?

Mr Barrett: It's on the back page.

Mr Nelson: Oh, yes. That was an American source I came up with, as you probably noticed.

Mr Barrett: Would that apply to Ontario?

Mr Nelson: I put that in; I thought it was fairly generic in terms of those conclusions. My point would be that in northwestern Ontario, because of the much greater distances and the much greater mix of demographics, those things would be exacerbated for us.

1120

Mr Barrett: It's certainly the issue in the rural south—access to physicians, as you indicate on the back page as well, half as many physicians in rural areas.

Mr Nelson: Yes, sir.

Mr Barrett: I guess those are US data.

Mr Nelson: But I thought it was useful to have a look at. It applies right across the country, really.

Mr Barrett: I often wonder, and I know the allocation of resources was mentioned across the way, with our health care system as with our universities: Over the years we have built large hospitals and large universities; monumental edifices, if you will.

Mr Nelson: Are you going to get a chance to go through our new buildings?

Mr Barrett: I would like to and I am certainly aware of it. We funded them.

Mr Nelson: I'd hate to call it an edifice, but it is quite impressive.

Mr Barrett: Yes, all the new ones are. Again, a large university or a large hospital attracts PhDs. We don't have PhDs in the rural south. You don't have PhDs probably in much of rural northern Ontario because they are attracted to these very large buildings. Maybe we have a structural problem here in the way we are allocating our resources.

The Chair: We'll move to the NDP.

Mr Hampton: I want to take you up on an issue that occurs over and over again in your submission, the issue that at one point you call "closed to the region," and at another point you say that "overriding concern is access to tertiary services." My understanding is that for many days, in fact many weeks over the last, while you couldn't refer a patient here for specialist care from, say, Dryden, Sioux Lookout, Atikokan—

Mr Nelson: Fort Frances-

Mr Hampton: —so as a result, more and more of them have been referred to Manitoba.

Mr Nelson: Yes, but that's being shut off by Manitoba.

Mr Hampton: Well, we'll see. My view is that Manitoba actually benefits from that. In terms of maintaining their specialists and their specialist services, if they can get a higher critical mass of patients, it actually helps them to keep specialists. It also helps them to say,"We need this diagnostic equipment or that diagnostic equipment." I'm certainly aware of the Duluth problem. Have you quantified how much money is actually flowing out of the system?

Mr Nelson: No, because we don't know for sure from our point of view. We don't write that cheque.

Mr Hampton: Typically, do you know what kinds of services are having to be referred to Duluth because they are not available here? I know many people go to Duluth for an MRI.

Mr Nelson: These things are available here in large measure, but they are not available to the next person because the system is in gridlock. In order to get timely care, they need to go elsewhere. I talked to Roger Walker, the CEO in Sioux Lookout. They have historically sent their patients to Winnipeg instead of Thunder Bay. He says it's getting more and more difficult and that they are saying no a lot of the time now. That's the only thing I'm passing on. I don't have any first-hand knowledge of that. I just have to take his word on that.

Mr Hampton: I've talked with Mr Walker and I've talked with a number of the physicians. Essentially,

what's happened is this: If you went back to 10 years ago, physicians in outlying communities, when they needed specialist care for their patients, would have referred about 60% to Thunder Bay, perhaps 40% to Winnipeg. Now it looks as if it is totally reversed. Referrals to Winnipeg are increasing all the time and Winnipeg at a certain point is saying, "We like to have the patients but we just can't accommodate everybody."

Mr Nelson: Yes, exactly.

Mr Hampton: I don't think they're saying no. They're simply saying, "We're full. We're happy to have you but we have space limitations too."

Mr Nelson: That's for sure. Yes, sir.

Mr Hampton: How would you go about quantifying? I'm going to take the government up on their offer. They're saying they want to spend smarter. We'll see. How would you quantify? I know all kinds of patients who go to Duluth for an MRI, a CAT scan; they go to Duluth to see a neurologist. Gee, the list goes on. How would you go about quantifying that?

Mr Nelson: As with all these things, it's always more complicated than it first appears. I don't pretend to have the answer to that but I would set up a process for trying to find the answer. I think that's the key. If there's a willingness for people to get in the same room to talk to one another to establish what the costs are, I think the costs are there to be had if we talk to the right people.

The Chair: Thank you very much for your presentation this morning.

I call on the Thunder Bay Child Care Network.

Not seeing anyone, the committee will recess until their time slot of 11:40, unless of course they were to arrive in the meantime. We could hear them then.

The committee recessed from 1125 to 1130.

THUNDER BAY CHILD CARE ACTION NETWORK

The Chair: The standing committee on finance and economic affairs will come to order.

I would ask the Thunder Bay Child Care Action Network to please come forward. Good morning. You have 20 minutes for your presentation. You may allow for questions within that 20 minutes if you so desire. I would ask you to state your name for the purposes of our recording Hansard.

Ms Amanda White: My name is Amanda White. Thank you for the opportunity to present before you today. I am a member of the Thunder Bay Child Care Action Network. Our mission is to build a strong voice in advocacy and to work hard to make sure that high-quality, licensed, non-profit child care in Thunder Bay is the best that it can be. We are also part of the Ontario Coalition for Better Child Care, OCBCC, a non-partisan political group that continues to press successive governments to make improvements in child care to benefit children and families across Ontario.

I am here today to participate in what I hope will be a truly open and full debate about the future of public

services in Ontario. Public services in Ontario are in desperate need of rebuilding. More cuts are simply not possible. The people of Ontario understand this, and the people of Ontario know they may have to pay higher taxes, taxes that will support better public services. In any pre-budget consultation, people must be able to consider all the options. One should be increasing revenue. My presentation today presents fiscally responsible proposals that will improve public services and will require an increase in revenue.

We believe in high-quality, regulated, licensed, notfor-profit child care that provides supportive early learning and educational and developmentally appropriate environments for children; supports parents in working, studying, and accessing training opportunities; fosters equity and inclusion for a diverse set of groups in Ontario; and helps families balance life and work commitments.

Investments in early childhood development are central to evidence-based strategies for lifelong learning that will continue to contribute to Ontario's social fabric, competitiveness, and increased productivity growth in the 21st century. A system of high-quality ELC is fundamental to healthy child development and lifelong learning.

The state of child care in Ontario in 2003: For three decades, parents have been advocating for governments to take action on child care in Ontario. Some improvements took shape between 1982 and 1995, but the destruction to the services over the last eight and a half years has been staggering. Between 1995 and 2003, funding cuts and downloading to municipalities destroyed many advances made to child care between 1985 and 1995 by successive Liberal and NDP governments. Provincial spending on regulated child care fell from \$611 million in 1995 to \$452 million in 2001.

Downloading to the 47 local governments means that differences in services among municipalities have grown. Because funding has been reduced or frozen, municipalities have been making individual decisions about how best to manage their budgets. Meeting the eligibility requirements does not guarantee a subsidy or a space. Municipal waiting lists for subsidies mean that many eligible parents have no possibility of a subsidy, and a variety of provincial policy changes have made it much more difficult for low- and moderate-income parents to access child care.

Student parents must declare their loans as income in a needs test and cannot receive OSAP and the child care subsidy at the same time. RRSPs are now counted as liquid assets. Families are expected to spend their liquid assets before seeking subsidy assistance, and parents with more than \$5,000 of liquid assets are ineligible for subsidy. Parents looking for work or in between jobs are no longer eligible for subsidies. There are also times in Thunder Bay when there is not a wait-list for child care subsidy, and this is because families simply are not eligible under these criteria but are still in need of subsidized child care. These families have been forced to

have their children cared for in less expensive, possibly unlicensed and possibly unregulated child care.

Municipalities now have to share the cost of wage subsidies, family resource centres and special-needs funding. These were previously wholly funded by the provincial government.

The result is that child care in Ontario today is in crisis as never before.

Setting the stage for a national child care strategy: The value of a national, provincially managed child care strategy is well recognized. Families across Canada as well as in all regions of Ontario need a system of universal, high-quality programs.

In ensuring that this becomes a reality before many more generations grow up, all three levels of government have roles to play. Setting national goals and targets demands a strong federal leadership role and federal financial resources, as well as federal collaboration with the provinces. Ontario must play a key role with the federal government in urging such federal engagement. Ontario's municipalities have borne the brunt of Ontario's downsizing in the past eight years. Ontario's municipalities, unlike those in the rest of Canada, have had a role in operating, administering and planning child care since the 1940s and have played a key role in how the system has developed. It is appropriate that these functions should occur at the local level, not at the provincial or federal levels, as these are far removed from the users. At the same time, the OCBCC has always taken the position that funding child care must be the responsibility of senior governments, as these have the taxation power. Today, as Canada's cities and municipalities are beginning to assert themselves and demand a new deal and a role in governance, there is clearly an enhanced role for local governments in a national ELC strategy.

What the Liberal government has promised: In the election campaign last fall, the McGuinty government laid out a number of short- to long-term commitments to a new provincial child care system. These commitments, drawn from the campaign material, are a good starting point for the next steps in child care.

Regarding the long-term vision, they said, "Our Best Start plan is based on our vision of high-quality early years education and supports as a seamless extension of our public education system."

In regard to immediate commitments, they said, "The first step, to be taken during our first term in government, will be to improve the quality and affordability of child care available for our families." They also said, "[We will] reprioritize spending of ECD money so that the existing regulated child care system in Ontario receives the funding it needs to maintain and grow child care spaces that are affordable and of high quality."

Our recommendations for the 2004 Ontario budget: In order for the Ontario government to begin to meet these commitments, it must reclaim a leadership role in ELC in Canada by beginning to move toward the kinds of ELC programs that are now commonplace in most modern countries. The Thunder Bay Child Care Action Network recommends four kinds of action to this end.

First, the Ontario government must keep its election promise to implement a universal, high-quality, regulated, seamless system of ELC and develop a strategy for meeting this commitment.

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Second, the Ontario government must take the following actions as immediate crisis control.

First, funding actions: Designate three quarters of the \$192 million in federal dollars earmarked for early childhood development programs from the 2004-05 ECDI to regulated not-for-profit child care. These funds—\$144 million from the federal government through the ECDI, \$30 million from the federal government through the multilateral framework agreement, and \$160 million in new provincial funds—will begin to stabilize current regulated, not-for-profit child care programs.

Second, policy actions: Review the subsidy system and remove eligibility restrictions for student parents receiving OSAP, families with RRSPs and RESPs over \$5,000 and parents looking for work.

Third, we call upon the Ontario government to develop the following policy framework and action plan for implementation to begin to put the system in place. The plan should be ready for implementation one year from now, April 1, 2005. The starting point for this process would be the long-term goal, as above, but a specific action plan and an effective policy framework are critical for success.

The policy framework should include the following components: principles; new legislation; timetables establishing service targets and plans for meeting them; improved quality standards and strategies for meeting them; definitions of roles and responsibilities for management and funding of ELC; plans for accountability, including effective tools for monitoring; and plans for adequate funding. The action plan is outlined in a brief submitted by the Ontario Coalition for Better Child Care.

Fourth, the Ontario government must play a leadership role with the federal government and the other provinces and territories to move toward a national child care program.

Please choose better child care today. Acting on these recommendations will advance the goal of a system of universal, high-quality early learning and child care. These actions and plans would be a welcome change from the devastating attacks of the Tory government, returning a sense of hope and optimism to the child care community and to Ontario parents. It would also demonstrate that this government is capable of making different choices than the previous one, even when faced with daunting challenges and pressures. Equally important, while universal child care is rarely in a three-year-old's vocabulary, it would demonstrate that children are valued members of our society.

The roots of some of the elements we propose can be found in the 1987 Liberal plan for child care, New Directions for Child Care. The New Directions period was the beginning of a new, progressive experience for child care in Ontario that continued through the NDP era,

ending in 1995 with the election of the Harris government.

We urge your government to recommit to moving child care forward again. Doing so will mean making sure that the key elements—the goals, who the programs are for and how they are delivered—are right from the start. We look forward to working with the new government as we move toward being able to ensure that every child in Ontario whose parent wishes it can find a space in a high-quality early learning and care program.

The Chair: Thank you. We have about two minutes per party. We'll begin with the official opposition.

Mr O'Toole: Thank you very much for your presentation. As a parent of five children, I know just how important appropriate daycare is. In fact, we were very fortunate to have a loving family member who did most of the daycare. My youngest is 25 years old, so I'm very happy with the outcome. There's really no one-size-fits-all. That being recognized, I think it's important to have safety for our children, and certainly parents have a responsibility to make some important decisions.

When you look at the program, I have no problem with some of your suggestions here. I know our Best Start plan is probably one of the other promises they made where we'll see actions speak louder than words. Your action plan—I think there are some really good suggestions here. In my approach to things, it's the simple part of it. The way you started was, "This is non-partisan." I didn't sense that during my listening to your presentation, but that's fine. You have a job to do. I understand that.

I question though that raising taxes increases revenue. There is a point there where there is a loss of revenue. That's something that they'll have to deal with in terms of thinking they can just raise the taxes and the revenue will go up. They'll close the lumber mill and nobody will have a job.

You said a couple of things that were a little strong. You implied that any unlicensed, unregulated daycare was poor. I would question that. You're looking at a strategy. I think the early childhood centres that were developed after the Mustard-McCain report are certainly a good step. They've talked about a national daycare program federally for so long it's almost a pipe dream.

On the positive side, I very much support the observation you made on policy actions and I think it's unacceptable to look at OSAP and RRSP clawbacks and educational savings plan clawbacks. That's a very good suggestion: to encourage people to be more self-reliant but at the same time don't penalize them for becoming self-reliant, looking after their children's education. These are parental responsibilities. Looking at the state of people who are trying to get back, single parents especially, they need supports, and regulated daycare is the best way to provide that. They're usually on their own because that's the dilemma they find themselves in.

Providing regulated daycare in a school—I was a school trustee when the Liberals I think brought in daycare centres that were attached to the schools. It was a

big union deal. That's what it was. Who cleaned the school? It was just baloney—

The Chair: Thank you for your statement, Mr O'Toole. We'll move to the NDP.

Mr Hampton: I want to ask you some questions about child care. You must have a sense of working parents and parents who are trying to take part in the economy. My sense of it is that more and more we're seeing both parents having to work, and certainly in single-parent families often the case is that the single parent is not just working at one job but may be trying to work at one and a half or two jobs. How urgent is this in your view, thinking from the Thunder Bay perspective, that we improve not only access to child care but quality of child care for working parents?

Ms White: In my experience in Thunder Bay, working with parents in the child care centre I work in, they feel the need for the high-quality child care because they want to be able to offer their children the very best. In single-parent families, they are just at times not able to access the high-quality, regulated child care. That happens to students with OSAP; they are not able to qualify for both, for the subsidy and OSAP. Parents with the RRSP as well: they're trying to save for their child's future, for their family's future, and in a sense are being penalized for that and are not able to access the child care. Those are the really strong issues we have in Thunder Bay that are preventing families from receiving the high-quality, regulated child care.

Mr Hampton: In your experience, for parents who do not qualify for a subsidy and who therefore are picking up I guess what would be called the full daycare fee, what does the full daycare fee amount to for, say, a child attending five days a week on a full-time basis?

Ms White: At this time, I don't have that information, but what I can do is collect information from Thunder Bay. At every centre the fee is different.

Mr Hampton: Yes, I know that.

Ms White: So I could get an average cost for a whole week and submit it to you.

Mr Hampton: That would be good. Even if somebody could give it to us by telephone or something, that would be good.

Ms White: Oh, sure.

The Chair: Thank you, Mr Hampton. If there is information requested, I would suggest that you send it to the clerk and then all members of the committee can see the information.

We'll move to the government.

Ms Judy Marsales (Hamilton West): Good morning, Amanda. Thank you very much for your presentation. We really want to applaud you for your dedication in this particular endeavour, as we all agree that children are our country's most precious resource. It's more than time that we apply a lot of attention to ensuring that their early start is best of all.

To that end, I must commend our own government for demonstrating leadership in this regard by the creation of the new Ministry of Children's Services. I think as time goes on, we are going to be going forward on a lot of initiatives that I think will support your organization and support children through this wonderful province of Ontario, particularly around single parents who are struggling with many other issues. Child care, of course, is foremost in there.

I wanted to ask you if your network and your organizations are partnering currently to utilize some of the new studies where seniors are being used in child care facilities to integrate both their abilities with the cost reductions and stimulating children and stimulating adults and some of our seniors. Are there any programs in Thunder Bay at the moment along those lines?

Ms White: At this time, I'm not aware of a specific program developed to that extent, but we do have a child care centre that is considered a multi-aged child care centre that does utilize the seniors home that it's built in.

Ms Marsales: OK. Terrific. Thank you.

The Chair: Thank you for your presentation and for appearing early, slightly ahead of time. We appreciate that very much.

This committee is recessed until one o'clock this afternoon

The committee recessed from 1150 to 1300.

CANADIAN MENTAL HEALTH ASSOCIATION, THUNDER BAY BRANCH

The Chair: The standing committee on finance and economic affairs will come to order. I would ask that this afternoon's first presenters, the Canadian Mental Health Association, Thunder Bay, please come forward. Sit anywhere at all there. You have 20 minutes for your presentation and, within that time frame, you may leave time for questions if you so desire. If you would please state your names for the purposes of our record, Hansard. The microphones will come on automatically.

Ms Marlene Fortin: I am Marlene Fortin. I'm the president of the Canadian Mental Health Association, Thunder Bay branch.

Mr Maurice Fortin: And I am Maurice Fortin, executive director of the Canadian Mental Health Association. I should tell you from the onset that we enjoy the gift of having the same last name, but we are not in any way related to each other. It's just an oddity.

Ms Fortin: Thank you for this opportunity, first. We are so happy to be here to do this presentation.

In the mid-1970s, a group of local family members and health providers concerned about the lack of aftercare and community services for persons discharged from the regional psychiatric hospital established the Canadian Mental Health Association, Thunder Bay branch. We are committed to providing community services for those suffering from mental illnesses, promoting mental health, dispelling the myths about mental illness and, of course, advocating on behalf of people suffering from a mental illness.

Currently, our direct services include a 24/7 telephone and mobile crisis service for the city and district of

Thunder Bay. Trained mental health crisis workers respond to any person experiencing a mental health crisis. They provide assessments, intervention and support. In the last fiscal year, our crisis services received approximately 15,000 phone calls and responded to 1,500 mobile responses. These are primarily visits to people in their homes. It has been an overwhelming amount of requests.

Our multi-faceted pre-vocational program offers employment, case management, housing and social-recreational opportunities. Our employment focus is on assessing real jobs in the community and helping people maintain them. Residential services are focused on helping people find decent, affordable housing and supporting individuals to keep their homes. We provide one-to-one matches and skill-based group opportunities which help people challenged by mental illness to fully participate in community life. The peer support group entitled Between Friends is one example of our group opportunities.

The support and commitment of the community to our goals of promoting mental health and addressing the stigma of mental illness are reflected in the fact that volunteers and staff have raised \$825,000 over the past five years. These fundraising efforts are important because there is currently no government funding for the important services that benefit individuals and reduce the burden on the mental health care system.

To ensure accountability to the community, we have a board of directors comprised of family members and current and past consumers. We have business people and health and social service sectors governing CMHA. Furthermore, advisory committees from similar groups of citizens advise each program. On the whole, we are committed to the concept of community-based, community-governed. We have over 100 volunteers who provide us with hundreds of volunteer hours.

Mr Fortin: While you've heard a few things from Marlene about CMHA, what we're really hoping to do here today is represent the community mental health system and talk about some of our concerns related to the mental health system in Ontario. So firstly, I want to thank you for taking the time to come to Thunder Bay and to hear, from organizations, our thoughts on the difficult choices you have around budget decisions. I understand that further work is coming in terms of hearing from ordinary citizens as well in the next few weeks. We certainly applaud those efforts to engage all the communities across Ontario in the difficult decisions you have.

I also want to recognize that the mental health community was particularly pleased that in your platform, this government recognized the need to invest in mental health and that you identified specific commitments over five years. Your commitment included funding for case management services, recognized the need for a province-wide database for mental health services to help families and consumers find services, and recognized the need for supportive housing. Your platform was very much consistent with a paper issued by CMHA Ontario

division in November 2002, which was really calling on the previous government to invest mental health funding in three priorities. So we're very pleased that your priorities match, in many ways, what the field sees as priorities.

The first thing I want to tell you, because I know you are facing a deficit and making difficult decisions, is that you need to understand that there is a crisis in mental health care in Ontario. We have lots of reports and lots of statistics for you, and I've included some of those. A 2001 Stats Canada report indicated that 10% of Canadians over 15 suffer from clinical anxiety, depression or addiction to drugs and alcohol. The incidence of those suffering from depressive illnesses is 4.5%. That's the same rate in Ontario as heart and diabetes combined. And, ladies and gentlemen, that's only one particular kind of mental illness.

I'm sure you're concerned about economic impacts. I want you to know that mental health disorders have a phenomenal impact on business and productivity. Stress and mental-health-related problems currently represent 40% of short-term disability claims. According to the Manulife Financial group, psychiatric claims are now the fastest-growing category of long-term disability in Canada. The reality is that mental health and mental illness problems are impacting on business and productivity in Ontario. That trend is international, by the way. Of the 10 leading causes of disability, five of them are mental-health-related.

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If this was any other disease, such as cancer or heart disease, this would be a public health emergency, with an all-out strategy to reduce the impact of this potentially fatal disease. However, because mental illness is rarely talked about and people with mental illness and their families are reluctant to speak out publicly, it has the potential to become a hidden economic and certainly personal catastrophe. Something needs to be done.

While the demand for service continues to grow, the ability to provide service continues to decline. Since 1992, budgets for community mental health services have been frozen. That's almost 12 years of budgets being frozen.

While our budgets were frozen, our basic costs were not, and you're well aware of what some of those growing costs have been because you've experienced them personally. What are they? Rising utility costs, insurance, benefit costs, rents. Those costs have reluctantly forced us to reduce staff and ultimately the service we provide.

During the 12-year period, we have had to make reductions both in direct service and administratively. I know other programs locally and in the district have had to make similar cuts.

A little bit about some of the demand: During November 2003, our intake worker received 65 calls for assistance. They included family members looking for services for people with schizophrenia; a mother concerned about the mental health of her 12-year-old daughter; lots of requests for counselling, particularly related to depression

counselling. Similarly, other community and hospital services are witnessing the same demand.

Ms Fortin: Just to add a personal note as well, my position with CMHA Thunder Bay is a volunteer position. I work in the financial services field. I have been receiving calls at work from desperate people asking how I can help them, if I can help them; co-workers and people from the community who know I am the president. I've never seen this before.

Mr Fortin: I mentioned our crisis response program earlier. From November 1 to February 5 of this year, our crisis response program registered 230 new clients. We're averaging about 76 new registrations a month. Many of those registrations are callers who have not had previous contact with the mental health system. The numbers are staggering.

In a consultation with some of our other organizations, we know that the community mental health services provided at Lakehead Psychiatric Hospital, now a part of St Joseph's Care Group, has a waiting list of 128 people. We know their concurrent disorders program has a wait list of 41, and people will wait six months to a year to be seen. Many of those waiting will see their condition worsen. In the absence of help, some will be hospitalized; others will give up and try to fend for themselves, simply accepting a poor quality of life. Indeed, some of them will die. We know that people with mental illnesses commit suicide. Often they commit suicide out of desperation because they are simply not getting the help they need. I have to tell you that no one in Ontario should have to do that.

Community mental health programs are effective and cost-efficient. On average, most people suffering from a mental illness live in the community and spend less than three weeks in the hospital. I think there's a myth out there sometimes that most people with a mental illness spend most of their time in hospital. It's in fact not true. They live in the community and they need services in the community. They need housing, they need jobs, they need supports.

Research, such as the 2003 outcomes and effectiveness report of the Ontario Federation of Community Mental Health and Addiction Programs, clearly indicates that community mental health services are effective. These investments have paid off. We know that community mental health services reduce the number of days in hospital and visits to already overwhelmed emergency departments. The report demonstrates that when the province invests in services for those with complex needs—people who are homeless and have addictions—they use expensive hospital services much less, experience fewer symptoms and do much better in the community: a positive outcome for individuals, their friends and families and the health care system.

Again, our 24/7 crisis telephone and our mobile team's community assessments work effectively to divert people from unnecessary hospitalization in favour of finding community solutions. Of all the clients that we are in contact with and see, we bring only 10% of them to

emergency departments to have an assessment to see whether they need to be hospitalized. Of those 10%, at least 5% to 6% indeed are hospitalized. We think community programs are doing a good job of not using expensive hospital services.

We are a part of the local Homelessness Initiative Project phase 2. We know that there are 67 people in that program who have reduced their time in hospital from 57

days to eight days a year.

In your package, there is a story about a person by the name of Linda Stewardson. I just want to say a little bit about Linda. I'm using her real name because Linda has really become a leader in the community. She is one of the speakers for the United Way. In fact, the United Way claims that she is their speakers' bureau. She's been very public about her story. I hope at some point you'll take the time to read her story.

Very briefly, her story is about a phenomenal life of abuse as a child, being left on the side of the road for dead by a parent, her father, who is now in jail as a result of committing that crime, following which a lifelong history of eating disorder, drug and alcohol abuse—really a very sad tale of the terrible things that abuse does to an individual.

But much of Linda's story is really about her personal fortitude. She chose to come to Thunder Bay randomly because she simply needed to get out of Toronto and get away from the negative influences. She went through treatment, but as a result of treatment, really didn't have much to follow that up with, so was very much left alone at home.

We got connected to Linda because she started calling the crisis response program. We sent the mobile team out to see her. As a result of some of those visits, Linda got connected to some of our other services, became a recipient of a volunteer. As a result of the three or four years that Linda has been with us, she now has become a volunteer. She is a member of our board of directors. She is the speakers' bureau for the United Way. I think of the 50 presentations this year to employee groups, Linda has done 45.

I share Linda's story with you to tell you the difference that community mental health can make in the lives of people. Linda has gone from receiving services to helping other people. She's very involved in her church and very involved with other community organizations and is a volunteer now—a great example of the difference that people can make.

The most significant thing that I want to say to you about cost is that community mental health programs save money. For example, the cost of providing service to a person living in the community is \$35,000 a year or \$95.89 per day, compared to \$170,000 per year or \$460 per day for someone in hospital. We need to keep people out of hospitals, but if we're going to do that, then you need to provide us with the resources to do that.

We know what needs to be done. I have in my office an entire bookshelf of reports related to mental health in Ontario. I, myself, was a member of the Graham committee. We now have Making It Happen, and we have the task force reports that, ladies and gentlemen, are in a three-ring binder that is that big. All of the reports recognize that we need funding in the community to do community mental health. Let me tell you that mental health reform has been studied to death. Please don't conduct another study on mental health. People know what needs to be done. The time for action is now.

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I want to tell you that we support the action plan of our Ontario division. We need to build system capacity by investing in services and supports for people. You need to adequately fund the system that we have now before you invest one dollar in new services. The system has been starved for 12 years and you need to do something about it.

The Chair: I want to remind you, you have about two

minutes left in your presentation.

Mr Fortin: Two minutes left? Then I will stop there because I want to make sure that there is an opportunity for questions. You have the full text. Certainly, I welcome any comments or questions that you may have about the text.

The Chair: We only have time for one question, and in this rotation it would go to the government. Two minutes.

Mr Peterson: You know that our Lieutenant Governor, James Bartleman, is both aboriginal and suffers from mental health problems. It is one of the three causes that he is undertaking as Lieutenant Governor. He's written this very eloquent book, Out of Muskoka, about his problems with depression and his flirtation with suicide. This may be an example with the large aboriginal community in this area, if you don't have this book.

I'm on the education committee. I'm very impressed by this fact that we can save money by doing early diagnosis. Is there some way through our other institutions that we can assist getting the youth diagnosed at the earliest possible stage to prevent a lifetime of bouncing

from mental health problems?

Mr Fortin: Absolutely we can. I happen to be the chair of the early psychosis working group. I have spoken to our MPP, Bill Mauro, about the important issue of early psychosis. I know it's a priority for this bureaucracy, and I think it's a priority for this government.

Mr Peterson: What can we specifically do?

Mr Fortin: What can we specifically do? You need to fund early psychosis resource centres, number one, so we can provide very focused, clinical service aimed at addressing the needs of 14-, 15-, 16-year-olds. There is a lot of good data out that says that if you intervene early, then the impacts on people's lives are phenomenally different. We need to train people, the gatekeepers, people in schools—

Mr Peterson: Guidance counsellors?

Mr Fortin: Guidance counsellors, parents, police—wherever youth are—to be able to identify youth who are experiencing early psychosis and get at them early, get them on low doses of medication, get them into program-

ming that gets them back into high schools, back into work. We know what the strategies are that need to be done.

The Chair: Thank you for your presentation this afternoon.

Mr Fortin: Thank you very much for the opportunity.

LAKEHEAD ELEMENTARY TEACHERS OF ONTARIO

The Chair: I call on the Lakehead Elementary Teachers of Ontario. Good afternoon. You have 20 minutes for your presentation. If you choose, you may allow time within that 20 minutes for questions. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms Christina Lofts: Good afternoon. I'm Christina Lofts, president of the Lakehead Elementary Teachers and a classroom teacher.

Ms Sharlene Smith: I'm Sharlene Smith. I'm first vice-president of our federation locally and a classroom, full-time, intermediate teacher.

Ms Lofts: We represent over 500 teachers in the Lakehead. We want to thank you for providing this opportunity to us today.

To begin, I wish to state that the strong mandate given to this government was based on change for a better tomorrow. Public services are in need of rebuilding. Although there is a greater deficit than expected, it is not expected that assets like Hydro or LCBO etc would be sold, or that seniors who have been responsible contributors to society could be adversely affected in health care.

We have summarized our key concerns in our oral presentation, which include ways of saving money and redirecting money to better meet the needs of the public education system. This government must create a longrange plan to deal with the deficit and move forward in implementing the promises made during their campaign. Taxes are to support better public services. A modest increase in taxes would benefit all citizens and maintain services and programs. The Rozanski report validated what educators have been saying for years. The education system has been dismantled through inadequate funding and deteriorating working conditions which, in turn, impact learning conditions for the students, increase class sizes and workload, and decrease support from consultants, principals, special education teachers, lunchroom supervisors, custodians and secretaries, to name a few.

This government made education a priority during their election campaign and Premier Dalton wants to become the education minister. We thank and applaud you for that. Respect for teachers and their hard work during the instructional day and for the extracurricular activities that they do costs this government nothing but will improve morale and, in turn, will generate more from teachers who deserve to get recognition for their efforts.

Rozanski said, "Equity means fairness." All students in Ontario deserve access to education and to the financial resources necessary for high-quality education. We do not want to see any new, radical changes. Teachers' working conditions are the students' learning conditions. We need coordinated educational policies that research shows have a positive impact on students and their learning, like smaller class size and curriculum that is age- and interest-appropriate, which can be delivered within a reasonable time during the school year and which gives the students enough time to enjoy their learning and meet the general expectations found in the curriculum.

Reforming the College of Teachers to become selfregulatory like other professions, with a majority of teachers, would cost the government nothing and save money. The accountability to the public would be maintained and, at the same time, it would fairly represent its members.

By stopping all advertisements, the government would save this money and the savings can be redirected to education.

Money will be saved when the government repeals the teacher testing-recertification legislation—and the new plan, self-directed by the teacher, to meet his or her professional needs and the needs of the students in the classroom.

Money could be saved and valuable instructional time would be better used if the teacher performance appraisal ended when the teacher received a satisfactory appraisal. As well, a performance appraisal for principals and vice-principals should be developed and include classroom teachers' input.

It is apparent that the teaching profession is changing and the number of teachers retiring is increasing. In order to face the challenges of recruiting and retaining good teachers, the funding formula must reflect actual salaries of teachers and provide boards with the financial ability to attract new teachers to the profession.

We want to thank this government for repealing the tax credit for families who send their children to private or independent schools. Our students in the public system have not received the programs and services that they deserve due to cutbacks. All students deserve a free, fully funded, fully resourced public education system.

Administering the standardized tests in grades 3 and 6 costs the government \$6.6 million per grade per year. Having high expectations for students does not mean that inflexible standards and standardized tests should be imposed; rather, high expectations require providing suitable resources for all classrooms. Teachers must be given the flexibility to adapt to the needs of the students in order to use the assessments to help tailor their teaching to improve students' learning. Review of these tests should occur with federation input.

Special education teachers have turned into secretaries or clerks who waste their time and expertise on paperwork and have absolutely no or minimum contact with students. The government must change the requirement for funding in special education so that these highly

qualified teachers can work directly with special-needs students and provide support to the classroom teacher.

The Lakehead, among other northern boards, has found itself unable to provide the much-needed support for our First Nations students who come to us without English-language skills but who do not qualify for the ESL funding or support. Rozanski recommended that the government implement a new grant for the education needs of aboriginal students who are not living on reserves.

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The best chances for success for children at risk due to language or socio-economic circumstances rest with what the school can do for them, especially in the early years. Fully funded SK all day, every day, would provide a good start to children and their learning. Schools must be well equipped, fully resourced with libraries, computer labs, gyms, science labs etc in order to support the rigorous curriculum and meet the needs of the students. Funding cuts have eliminated specialist teachers like music, library, home ec and shop, to name a few, who provide an important role to the development of our students who would then have the opportunity to receive a well-rounded, thorough education. Specialist teachers must be restored.

Boards must be able to close schools when they no longer support students learning in a meaningful way and drain the board of money that would be better spent in sustaining school environments that are better equipped and suited for learning. Otherwise, the government must provide enough money to ensure that our schools are retrofitted to make them vibrant learning environments which provide optimum learning opportunities that support learning.

Sending grade 7 and 8 students to a secondary building in order to fill secondary space does not meet the needs of the students. Elementary teachers are trained in interdisciplinary curriculum that seats the learner, not the subject, at the centre of the curriculum. Student-focused funding is punitive, and disproportionately disadvantages our elementary students. The needs of the elementary students must be met and the funding formula must reflect more money in order to provide high-quality education. Investment in elementary students is the most successful financial strategy in today's world and tomorrow's economy.

Ms Smith: A good educational system has many components, not the least of which is its teachers. Elementary teachers are on the front line of education every day. They see the children who come to school hungry, frightened or hurt. Not only do they teach young children how to learn, they identify the difficulties early in a child's education to ensure that the student can get the extra help needed to secure the best chance for success in later years.

The present funding formula undervalues public elementary students by undervaluing us, the teachers. The formula does not meet the standard set out in Bill 160. Consequently, elementary teachers are left to imple-

ment the nine new curricula, in larger classes, with more special-needs students. Despite these increased demands, administrative support and special education support have been reduced; new report cards have been implemented, which take longer to complete; and documentation requirements are now escalating. Without adequate numbers of textbooks, resources and materials, teachers will spend many more hours searching for age-appropriate materials in order to deliver an effective program. This requires time and effort in addition to our normal classroom expectations.

LETO agrees with Rozanski when he stated that boards should "have the flexibility to spend the funds on the programs," resources "and services that they believe will help students achieve the greatest degree of success."

We recommend that preparation time for public elementary teachers be funded at a rate no lower than the 200-minute standard set out in Bill 160, or the same as our secondary counterparts; that teachers receive at least nine professional development days during the school year; and that there should be only two formal reporting periods during the school year. Why should teachers spend additional personal hours of at least 20 hours after the instructional day to complete three sets of report cards each year, which has put a strain on the health of the members and their personal time with their families?

If this government wants their students to excel, with particular emphasis in grades 3 and 6 due to the standardized tests, then they must fund the appropriate supports by providing an infusion of money for textbooks, resources and fewer combined grades in all classes, especially in grades 3 and 6, in order to build a strong foundation for future learning.

We are presently delivering programs without textbooks and resources. We must find or create the appropriate support materials for the curriculum.

Research on class size overwhelmingly points to the importance of small classes in elementary schools. Student achievement improves in smaller classes, and learning problems are more easily identified. Remediation can occur early, when it is most beneficial, and the integration of students with special needs is more successful in class sizes that are kept lower. Studies have shown that students who were in small classes in their elementary years benefited through their entire school career. LETO recommends that class sizes in junior kindergarten should not exceed 15 per class, senior kindergarten should not exceed 18 per class, and if it's a combined junior-senior kindergarten class, they should not exceed 35 per class. Presently there are 33 JKs in my classroom.

The maximum class size in grades 1, 2 and 3 should be no more than 20 per class, the maximum class size in grades 4, 5 and 6 should be no more than 22 per class, and in grades 7 and 8 no more than 25 per class.

Class sizes in Ontario remain too high. The restrictive space limitations, coupled with the mandated averages, increase the number of your combined grade classes. At the same time, the province did introduce a gradespecific curriculum. In the context of larger class sizes and regular grade-specific curriculum, combined classes disadvantage your elementary students and increase the workload of your elementary teachers. Teachers have to prepare more lessons; students take more work home.

Students from smaller classes in the primary grades are more likely to take challenging courses in high school, are less likely to drop out, are more likely to graduate on time and are less likely to be retained in the class or grade. It is true that the cost of implementing small class sizes is not cheap. However, in the long run the cost of not reducing class sizes will likely result in greater social and economic expenditures.

We recognize that this government will attempt to reduce class sizes over the next four years. However, we do not want to see junior and intermediate classes increase as a result. A plan to reduce and maintain class sizes in all grades in the next four years will be greatly appreciated and will benefit all elementary students.

Ms Lofts: In conclusion, primary education is perhaps the most important investment in our province that our province can make, and invests a public investment in each child, society as a whole and the future of all its citizens. It takes an entire community to raise a child. Strong public education reduces costs to taxpayers in the long run by providing healthy, vibrant communities, reduces the stigma of poverty and replaces it with skilled workers for the workplace.

The Rozanski report's 33 recommendations confirms that the education system is in financial crisis. The report of the education task force puts the ball clearly in the court of the provincial government. Rozanski heard that, "We cannot afford not to make an adequate investment in education." The answer is not just to throw money at education; it's to make a strategic investment in the goal of continuous improvement. Rozanski stated "that funding is maintained at a level that will allow boards to meet the province's education objectives and on conducting regular reviews to update the benchmark costs in the formula."

We urge this government to restore the money that was removed from education. Teachers will then feel that they are valued and contribute in a positive way for the future. The Rozanski report's implementation will require a fundamental change in the government's budgetary strategy. The millions of Ontarians who are welcoming Rozanski's recommendations are waiting. Elementary teachers want our system to be the very best that it can be. We challenge you to do the right thing for public education in this province.

The Chair: Thank you. We have about three minutes left, so there will only be questions for one caucus. In this rotation it will go to the official opposition.

Mr Tim Hudak (Erie-Lincoln): Thank you very much for the presentation. One point we've made consistently, at least on this side of the table, is that government should keep their promises. If they made a commitment during the election campaign, they should follow through and actually do that. I think in the first 100 days of the Dalton McGuinty government we've

actually seen quite the opposite. Unfortunately, a lot of broken promises, I think, make all politicians look bad.

The committee is hearing all kinds of presentations for increased funding. I think probably the ones that are most likely to get funded should reflect the commitments the government made when they were campaigning. So specifically, you mentioned the independent school tax credit and its reversal by the current government. The commitment was to put that money into public education, wasn't it?

Ms Lofts: Yes, I believe so.

Mr Hudak: They estimated that about \$300 million, I think they said, was lost through that. Since it's been repealed all the way back to January 1, 2003, how much of that money has been reinvested here in the Lakehead board, of that \$300 million?

Ms Lofts: How much has been reinvested?

Mr Hudak: Yes.

Ms Lofts: I do not believe that there have been specific transfers in any area. I do know that there were some monies that have been transferred for literacy initiatives that we did receive. I can't comment on the rest; I didn't come prepared to. We do have a superintendent who is responsible for running the finances of our board, and I would certainly have to refer to his books and to him in order to respond in an adequate matter.

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But what I do know is that this government has already started to implement some of their promises which cost nothing, and the first promise was to repeal the PLP, the recertification. That's not going to cost this government anything, so they'll follow through on one of the promises. The other promise that I believe they're going to start to follow through on is looking at the College of Teachers—

Mr Hudak: What specifically did they promise to do with the college?

Ms Lofts: With the College of Teachers, they're going to review the way it has been set up and then, based on dialogue with the federations—if it's supposed to truly be a self-regulatory body, then why is it governed by a majority of government employees? You don't see that in other professions.

We also see respect. We have actually heard this government say—Gerard Kennedy at every opportunity says how he respects the work of teachers. That doesn't cost anything. That isn't in advertising. That comes out of him. It's a genuine, sincere admiration for what we do, and we appreciate that.

Mr Hudak: But what I thought I had heard through teachers was that they were going to get a majority of seats on the College of Teachers, that if Dalton McGuinty got in, there would be a majority of seats for—

Ms Lofts: But some of these people have been committed to at least April 1. They get to hold their position until April 1.

Mr Hudak: But the commitment was to change that beyond—

Ms Lofts: And it will happen. We also do not expect all primary grades in this province to become capped at 20 to 1. We anticipate that by the end of this government's term, that will have started. We expect those promises to begin. We do not expect them all to begin immediately. We have a serious situation with the deficit. We will help the government. We believe the taxpayers will accept a tax increase, a modest one of perhaps 2%, in order to help us deal with this deficit.

Interjections.

The Chair: Thank you for your presentation this afternoon. I remind members not to demonstrate, please. Thank you for your participation this afternoon.

I call on the Thunder Bay and District—

Mr Colle: Don't let them push you around.

The Chair: Order, please. Order. I call on the

Thunder Bay and District Injured Workers' Support Group to come forward, please.

Mr Hudak: On a point of order, Mr Chair: While we're waiting for the group to come forward, I want to register my concern. In Niagara Falls, I had a chance to put some motions on the floor for free debate of the committee and for the committee to make some recommendations to the finance minister. I guess the next—

The Chair: We've been asked by Mr Klees—he's given notice that he wants to put a motion. We advised that he could do that on your rotation.

Mr Hudak: As do I, Chair. I have a motion to put forward—

The Chair: I'll hear from the Thunder Bay and District Injured Workers' Support Group.

Mr Hudak: Mr Chair, I thought I had the floor.

The Chair: You do not.

Mr Colle: Let's hear from the injured workers who are here.

The Chair: There's not a point of order. Mr Klees has given notice and we said that we would deal with his when his rotation came around. He didn't choose to do that. He will have other opportunities this afternoon to put that motion.

Mr Hudak: Can you explain to me what's required in a notice of motion? Did you then require me to give notice the last time I was at the committee?

The Chair: We have had a motion put forward. I can read it for the committee again, if that is the desire.

Mr Hudak: Sure.

The Chair: On January 28, 2004—it was carried on January 29, 2004—Mr Colle moved that, in order to ensure that all scheduled presenters are treated with respect and dealt with without delay during the committee's public hearings on pre-budget consultation, the committee adopted the following procedure:

That notice be provided of any proposed motions that would refer to issues that would normally be included in

the committee's report-writing stage;

That the time limit for providing notice of a proposed motion be up to two minutes;

That, upon notice being given of such a proposed motion, each party be allowed up to two minutes to respond to the proposed motion;

That, following any responses, the committee postpone further consideration of the proposed motion until the committee commences its report writing; and

That adoption of the above notice procedure would not limit in any way the right of committee members to move any proposed motion during the committee's reportwriting stage.

THUNDER BAY AND DISTRICT INJURED WORKERS' SUPPORT GROUP

The Chair: We'll now hear from the Thunder Bay and District Injured Workers' Support Group. I apologize for the committee work going on here. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of Hansard. You may begin.

Mr Steve Mantis: Thank you, Mr Chair. My name is Steve Mantis. I am the president of the Thunder Bay and District Injured Workers' Support Group. On my right is Ross Singleton, the secretary, and on my left is Robert Guillet, who is a board member.

We want to start by saying thank you for coming to Thunder Bay and thanks for allowing us to present here before you. We're a group, a volunteer organization, made up of injured and disabled workers and family members and supporters who are looking for justice from you as a government, as our elected representatives, and as the people who oversee the Workers' Compensation Board, or the safety and insurance board, which provides service—supposedly—for people who become injured and disabled at work.

It's interesting just watching for the last little bit and seeing the manoeuvring and the politics going on. You'll have to excuse me; I'm a little bit nervous because, as injured workers, we usually don't have access to the government. We haven't been asked, really, to be part of the process. So I can feel the blood pumping in the old body: "Oh, my gosh, this is our chance. Are we going to do OK?"

What I've heard so far is different groups coming and saying, "Look, there are programs that have been cut. We need more support." We understand the reason for this, that here were all these promises being made with a whole bunch of good intentions. The finance minister says, "OK, now we've got a \$5.6-billion deficit. What the heck are we going to do?" So we've got this big competition: Where are the dollars going to go, and are there any dollars to go anywhere?

This is so familiar to us. Our group got started in 1984 and has been closely monitoring legislation and policy. Well, it was 15 years ago that Greg Sorbara was Minister of Labour and he brought in legislation to amend the compensation act. At that time, the big issue was, guess what? Our deficit. It was called the unfunded liability, and there was all this commotion: "Oh, my God, we're going broke. What are we going to do?" Well, we're a little bit concerned right now that we've got the same

person who is now Minister of Finance saying kind of a similar thing. What does this mean? Does that mean the programs that people need won't get funded because we've got a deficit? We've got to figure this out.

My understanding of a deficit is that there are two sides to the coin: There's revenue in and there's expenses out. In workers' compensation, what we saw happen was all this talk about this big unfunded liability, and since that legislation was brought in, what has happened? Assessment rates and revenue have gone down and down. In the last 10 years, it's decreased over 30%. That's over \$600 million a year.

If there's a big deficit, if there's a big unfunded liability, what the heck are we doing lowering our revenue? And yet as the revenue goes down, then, "Gosh darn, we've got to find ways to cut benefits because, jeez, our revenue is going down. Now we've got to find ways to cut costs." What does that mean? That means cutting benefits to the people sitting in front of you and for the thousands and thousands of people who aren't sitting in front of you here. There are over 350,000 workers every year who have a work-related injury or disease. There are over 300,000 workers in Ontario who have a permanent disability. That's a lifelong disability.

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What do we see? We see legislation that Greg Sorbara brought in, the wage loss system. You'll see in our brief that we've got some nice quotes about all the good stuff it was going to do. It was going to make the system fair. It was brought in in 1990. In 1990 there were over 20,000 people who were recognized with a permanent disability as a result of workplace injury in Ontario. That number has fallen and fallen, and those 20,000 got a pension.

The research that was done in 1988 to 1990—the biggest research project ever done—found that over 50% of these 20,000 workers were unemployed as a result of their workplace injury, so that's 10,000 unemployed. Last year, 2002—well, since the annual report came out—15,000 workers were acknowledged to have a permanent disability from work—15,000. Only about 2,000 ended up with any kind of long-term benefit. The research shows that over 50% of these are unemployed. So what happened to the rest of them? This new system that's going to make it fair for workers means that these people, who used to get some kind of pension, even if it was quite modest—the average was \$300, \$400 a month—are now receiving no benefits.

What happens to them? Who picks up those costs? That goes into that \$5.6-billion deficit we've got right now, because these people now go to welfare, these people now go to subsidized housing, these people now go to OHIP to cover their medical expenses that get worse and worse every year, because once you have a disability, you rely more and more on the health care system. So we see a cost-shifting as well. These people still need support, but the system that was there to provide that support wasn't doing it, so now other parts of the community and the public purse are starting to pick up those costs. Is this right? I'm not quite sure. I don't think so.

When we think about revenue and the deficit, we'd like to see a system of progressive taxation. It seems to me that in the 1960s and 1970s, this was the process our governments across the country used. It's one where those people who have more contribute more, so that we all, as a community, have a better shake, so that we all are able to participate, so that we're all able to pay our rent and look after our kids. You'll see all kinds of stats—Maurice Fortin here, from the Canadian Mental Health Association; we've talked to people. A third of their clients are injured workers who are stressed out by the system and are now coming for public aid.

We're looking for ways to, yes, raise revenue in a way that starts narrowing the gap between rich and poor. We're hearing this more and more: The gap is growing bigger and bigger; poorer people are getting poorer; the rich are getting richer. I don't think that's the way we want to build our society in Canada and in Ontario. Certainly those are not my values, and our organization is there to help each other, not to say, "How much can I get, and how much do we have to make sure you don't get so I can get more?" That's not the kind of community I want to live in. I want to live in one where we look after each other, where we help out, where we pitch in and those who can afford to do more, do more.

The thought of selling our assets to pay for current costs: Who the heck can do this? OK, as I get older and have five or 10 years to live, maybe I'll sell my house so I can pay other bills. But I know I'm going to die. Are we saying we're all going to die in 10 years, so we might as well sell our assets because we won't be around here anyway? This is exactly what the Conservative government did year after year to balance their budget: sell off all our stuff. We'll get to a point where there's nothing left to sell but we still have to pay for all this stuff. We have to put a stop to this.

We voted for change. Here in Thunder Bay, we elected two Liberals, because we were sick and tired of the kind of stuff we were getting from the Conservatives. Show us we did the right thing. Show us that we're not getting more of the same. Because certainly what we hear in the news is that we're getting more of the same. Please show us that you are different, that you do have a social conscience and that you're here to support everybody in Ontario.

From the example of injured workers—this gap between rich and poor—assessment rates go down 30%. Who gets all this \$600 million back? It's the 10% of employers—the big employers—who are really some of our richest citizens in Ontario, who get 90% of that money back. That's \$500 million last year that employers benefited—big employers. The vast majority of employers, 90%, hardly see anything in terms of this reduction of assessment rate, but the big guys get the big bucks back. It seems to me this is not very progressive.

The system was developed on the concept of collective liability. Collective liability means we're all in this together and we need to find a way to make it work together. It's got to the point of, "Let's find ways I can

get the most out of this and manipulate it the most." So now we have a system that is full of adversarial relationships.

We've attached some research to the back of our brief that talks about how the system creates the breakdown of moral relationships between employer and employee because, "Here's this pile of money, guys. Go for it. See how much you can fight, and see how much you can get." Is that how we want to work it? I don't know. I don't think so. Let's go back to our roots, where we look at how we can do this together. There are better ways to do it if we work together and contribute as we can.

On page 9 of our paper, we come up with our vision of how the compensation system should be framed in Ontario. It really goes back to the founding principles, back in 1914 or 1915, of Justice Meredith, who was a Tory—right on. Here were these principles: Let's have collective liability; let's have permanent pensions for people who have a permanent disability; let's not have big fights over whether you can do this or that—if you have a disability, there should be some recognition for that.

What we see is that as people with a disability get older, more and more things are affected by that disability. I myself lost my arm 25 years ago. I went back to work on construction and did that for 10 years until I physically couldn't do it any more and moved into a desk job. Now, after 25 years, I'm finding that I'm having trouble with my neck, my shoulders, my back, my hips. It's become so hard for me to balance the demands of the job and the demands of my own health and of my family that I've left employment. I'm one of those "voluntarily withdrawn from the workforce," as the compensation board would put it, but it's really because of my disability. We see that as people with disabilities get older and older, they have a harder time keeping up with the pace and rely more on the social safety net, and the system isn't there for them. We need systems that are there for the people of Ontario.

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Just two days ago, there was a presentation to the Institute for Work and Health, the leading research institute on these issues in Canada, by a fellow who started out as a doctor and then went back to school and got his law degree and is now looking at the cost to the system. His presentation was on cost-shifting in the system from workers' compensation to OHIP. He's still in the middle of his research, but he's seeing very clearly that there are considerable costs for work-related injury and disability being borne by OHIP, by the public purse, that should be paid by the system but aren't. Maybe if we start paying attention to some of this stuff, the deficit will start coming down and the costs will go where they should

One of our key goals is protection against inflation. When I got hurt 25 years ago, in 1978, I was in the Downsview hospital, in a room with another fellow, another amputee—same level of amputation, right up here. He got hurt 30 years earlier working for Massey

Ferguson—a good job, a union job, good wages. I got my pension, \$650 a month; he was making \$65 a month. Inflation had eaten away his benefit.

In our legislation, we've lost protection against inflation. I just look at my own level of pension over 25 years. My pension was indexed until the last half dozen years. So I've been losing now, but until that point, if I hadn't had protection, I would have lost about 70% of the value, because my pension has increased about 240% for inflation. Our real concern is that as people get older and their condition gets worse, what happens? The benefits they get are reduced down and down because of the lack of inflation protection.

Ross has a letter he got just recently on this issue.

Mr Ross Singleton: I'll just read part of it. If you're on any kind of benefits from WSIB/WCB, the formula for calculating the cost of living was bastardized, as Steve said, in the mid-1990s.

"The formula used calculates cost of living at 50% of the consumer price index less 1%." According to the board, "The CPI for the 12-month period ending October 31, 2003, is 1.6%." I would question that; however, this is not the time or the place. "When we apply this year's CPI percentage to this formula, the result is a 0% cost-of-living increase to your benefits...."

In the last eight years, I've seen my pension go up approximately \$4. I've always said I'm one of the more fortunate ones—I actually have a full-time job; I've managed to get back into the workplace—but I'm one of the very few. When you're figuring out your budget, those of us who are at the other end of the pole need cost of living to be able to at least buy the loaf of bread that we could afford when I got hurt back in 1979.

Mr Mantis: Thank you very much, Mr Chair, for allowing us to present to you today. We'd be pleased to take any questions.

The Chair: We have about two minutes, so we have time for one caucus. This time it will go to Mr Hampton, of the NDP.

Mr Hampton: Thanks again for a very informative brief. I want to zero in on a couple of things you said: "We need an act that has a clear focus to assist workers with a permanent disability by providing: a pension for life for a disability for life; full cost-of-living protection; real jobs and job security or full compensation." You dealt, I think, with the cost of living, and I think you dealt with the "pension for life for a disability for life."

I want to ask you for the last two: "real jobs and job security or full compensation; provision for maintenance of full entitlement to CPP and workplace benefits." Are you saying that in many cases, when people do try to return to work, under the legislation as it is now employers are not all that co-operative in terms of ensuring that workers can return to a full-time job and have job security? What's the experience?

Mr Robert Guillet: You can't go in and tell the employer that you've been on compensation, because he won't even hire you.

Mr Singleton: Accommodation is another big issue, where if you're in a heavy industrialized type of position,

often it will be, "No, you can't go back to work. There's not modified work for you." A lot of times employers now—we use the term "walking wounded"; again, this is what Steve alluded to-will have you go on a company plan, which is ultimately paid for through the company, just to keep you off compensation. There is no work you can do but at least you're getting paid. But somehow you seem to lose the job, and then you're out the door and you have no claim because there is no continuity of claim. It's a real issue.

The other aspect of it is the deeming by the board, that in Thunder Bay, for example, you can go out and make a job for \$15 an hour, where the unemployment rate is just astronomical and there is nothing but service entry jobs, minimum wage, tops of \$9 an hour. They'll go to different codes—I forget the exact terminology—and say, "Oh, but you can make \$20. Therefore you're not going to have any future economic loss." That's how the system works now. Therefore you're not getting any compensable benefits. It's a real issue, because if there isn't a real job, how can they, out of the sky, pick a number that you're going to be able to make if you can't get work?

Mr Mantis: Really, the statistics show that whether your disability is work-related or not, your chance of maintaining employment is less than 50-50. As you get older, once you reach the age of 50 and over, you're falling down to about a 30-70 chance of being able to maintain employment. In this economy there is very little latitude shown by employers for disability. If you're not 100%, find another job.

The Chair: Thank you for your presentation this afternoon.

I call on the Thunder Bay Medical Society. The Ontario School Bus Association.

ONTARIO SCHOOL BUS ASSOCIATION

The Chair: Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to identify yourself for the purposes of Hansard. You may begin.

Mr Gene Trottier: Thank you, Mr Chair. First of all, I'd like to clarify that I'm not the Thunder Bay Medical Society. I'm with the Ontario School Bus Association.

There's been a scheduling change.

Mr Chair and members of the standing committee on finance and economic affairs, my name is Gene Trottier. I own and operate Trottier Bus Lines, a small school busing company that operates on the north shore of Lake Superior on behalf of two school boards that share coterminous busing in the Schreiber, Terrace Bay, Marathon and Manitouwadge areas. My company has provided home-to-school bus transportation since 1969. I have operated in other areas of the province, including the city of Thunder Bay.

As a director and past president of the Ontario School Bus Association, as well as a member of the transportation funding review committee, I have had ample opportunity to examine and compare transportation grants to all the areas of the province. Hundreds of pages of allocation, costing and enrolment figures have been made available to committee members over the past five years. Upon examination of those figures, two major observations have become glaringly obvious.

First, current student funding grants are indexed to historical costs. Boards that traditionally spent more, in the sense of funding their local priorities through higher local share, have received higher protected amounts in the post-1998 funding allocations. The system provides little or no incentive to optimize for cost-efficiency now.

Secondly, boards that traditionally spent more frugally, that worked with school bus operators to identify local transportation efficiencies to control costs—that is, through shared busing, multiple routing, staggered bell times—receive lower funding allocations. These boards are financially penalized for exercising cost-efficiency as time goes on.

From 1992 to 1996, the efficiencies that were achieved by boards were made necessary through a desperate need for savings resulting from stagnant or decreasing enrolments and the reduced funding which resulted. Invariably, boards in the north and northwestern parts of the province were forced to make cuts to transportation service and freeze or reduce operator rates. In 1998, when the new temporary funding formula was applied and I stress "temporary"-boards that had already achieved efficiencies had the transportation grant door slammed behind them, and up until last year were directed to find their escalating transportation costs through efficiencies. However, for most northern boards those efficiencies had already been achieved prior to 1998 and escalating transportation costs could only be covered by cutting service, cutting operator rates or permitting the age of their bus fleets to increase. In the meantime, in the south of the province, some boards continued to show large transportation funding surpluses without service cuts or fleet deterioration. That scenario does not present an equitable student transportation service.

The issue of higher transportation costs is also of paramount significance and importance to the northern and northwestern boards specifically. Typically, the geographic areas included with these boards, with the exception of a few larger centres, including Thunder Bay, Sault Ste Marie, Sudbury and North Bay, consist of many small communities spread over long distances. This has resulted in a number of small bus fleets owned by individual operators in different communities averaging a fleet size of 10 buses or less. Economies of scale are not available even when, as in my own case, a fleet of 20 school buses is spread over three communities, each 100 kilometres apart. Each pocket of the operation requires separate management, mechanical facilities and spare bus deployment. Even a fleet of 100 buses spread out in a similar manner could not achieve any significant economy of scale due to the duplication required in each small centre in order to provide service and efficiency as each deserves.

The fixed and operating costs for these areas are also significantly higher. Beginning with the additional equipment required for a properly equipped school bus for northern use, the additional cost of extra heaters and larger alternators to run them, electric rad shutters for heat retention and traction tires for severe weather conditions will add several thousand dollars to the cost of a bus. In addition to that, the delivery cost for buses delivered to the north and west of North Bay and Sault Ste Marie is in the range of \$1,000 to \$1,500.

Once a bus is put on the road, the cost of parts and maintenance continue to command a greater expense than in the more populated areas. Parts are typically purchased at higher costs from local dealers due to the unavailability of aftermarket sources. Small operators are often required to stock more parts and inventory due to long wait times when ordered from the dealers. In most situations, my own included, several maintenance garages are necessary since many small communities do not have a public facility large enough to accommodate large school buses, or the garage owners are reluctant to tie up garage space with a bus when the same space could accommodate three cars.

Buses purchased in the last five years are equipped with computerized engines, transmissions and braking systems. Warranty and service of these systems are available from dealers only. On the north shore of Lake Superior, for example, there are no International or Freightliner dealers between Thunder Bay and Sault Ste Marie, a spread of 700 kilometres. An operator who is located between these points is responsible to drive or tow their bus to the dealer in order to receive repairs. The resulting cost of fuel, driver's wages and towing charges is the operator's to bear.

In order to reduce costs, boards have permitted operators to operate buses for longer periods of time, thus reducing the fixed or capital cost portion of the operator's contract. The resulting effect on the operator has been higher maintenance costs. I have not had, nor do I know of any operator who has had, an increase in maintenance cost allocations since 1992.

The cost of operating school buses in northern and northwestern Ontario is higher than in the south, southwestern and more populated areas of the province. Prior to 1992, the ministry's transportation grant to school boards included an additional 15% allowance to northern and northwestern boards. This additional cost factor has not changed since 1992—and I stress "cost factor"—and again needs to be recognized by the ministry.

The transportation funding review committee has been working on developing a new funding formula since 1998. Attempts to include province-wide standards for walk distances, ride times, pupil loading and operating cost recognition were rejected by the previous government. The newest proposal consists of allocating funding to boards based on a multiple of enrolment and distances students live from the schools.

In December 2002, in the report of the Education Equality Task Force, Dr Rozanski recommended that the student transportation grant be increased to \$691 million to implement a new needs-based transportation grant. The grant currently stands at \$651 million, \$40 million short. In June 2003, the Minister of Education announced that a new needs-based student transportation model would be implemented for the 2004-05 school year. Without the additional funding, this will not be possible.

In the publication Excellence for All: The Ontario Liberal Plan for Education, it states that, "school boards in rural and northern regions need funding that reflects the transportation and other costs of far-flung regions.

"We understand that schools in urban, rural, suburban and northern areas have different needs. The funding they receive should reflect the needs of those communities."

On January 31 of this year, the education minister, during his address to the Ontario Public School Boards' Association conference, stated that transportation was the worst part of the funding formula and that is why it is competing highly with priorities this year.

Mr Chair, I strongly urge this committee to recommend that the new student transportation model be implemented as planned this September and funded as recommended by Dr Rozanski in order to ensure that the viability of our student transportation system be maintained and the inequities of the past be eliminated.

Thank you. I'll take your questions.

The Chair: We have about three minutes per caucus, and we begin with the government.

Mr Colle: Thank you very much, Mr Trottier. You've obviously put this in a good perspective with your last statement about the fact that there are competing priorities. I think the minister's statement that this has to be near the top of the list of competing priorities because there's obviously a deficiency—I'm just trying to see the root of this in terms of why, again, in northern Ontario there is this gap in funding that doesn't exist. Is it throughout rural northern Ontario or is it just northern Ontario where this happens with transportation funding?

Mr Trottier: Our experience has been, through the telling of the transportation officials who have sat on the funding review committee, that the primary problem has been declining enrolment, in that the funding grant was based upon enrolment and changes in enrolment. Prior to two years ago, the transportation grants were actually reduced as enrolment decreased even though in many cases transportation needs would increase as a result of schools being closed or—

Mr Colle: They had farther to go.

Mr Trottier: Exactly.

Mr Colle: I think I understand, because it's almost the same type of thing that's happening within schools. As enrolment declines, they still have to heat the school and they still have to offer the programs, so costs don't necessarily decrease because you've got declining enrolment.

Mr Trottier: That's right.

Mr Colle: I think that helps explain and clarify it.

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Mr Trottier: I'll also tell you that the problem with funding isn't something that's exclusive to the north. I'm here to present a northern position, but I also have represented the entire association in the past. The problems that occur as a result of lack of funding-I will tell you with great certainty that this morning in Metro Toronto 100 buses never left the yard because there weren't drivers to drive them. When drivers cancel, for whatever reason, there is simply not enough of a spare list for the operators to be able to put additional drivers in. As a result, you would have waits from an hour to perhaps an hour and a half, while buses that were in service were able to pick up the rest of the routes. The money is simply not there to recruit and retain drivers. Once again in southern Ontario, I know for a fact that last year a sizable company had 50% turnover in driving staff. We're talking about new drivers coming on board as well. They were simply not able to recruit and retain the people they had because of their lack of ability to pay the wages they need to pay to keep these people.

Mr Colle: We also had reference to that in Timmins, the fact that the funding hasn't been kept up on the capital maintenance costs and also the wages for bus

drivers.

Thank you very much for your presentation.

The Chair: We'll move to the official opposition and Mr Hudak.

Mr Hudak: Thank you, Mr Trottier, for your presentation, and for being here early as well to jump in. Obviously we've heard a number of presentations on the need for increased funding. Many of the groups come forward with commitments that Dalton McGuinty or their local Liberal candidates had made during the election, which you would think would help them make a presentation, because I think you would expect that governments would carry through on election promises. Did they make any commitments to the school bus association or to you in particular about what they would do for your situation if they were elected?

Mr Trottier: If they were elected this last time around?

Mr Hudak: Yes.

Mr Trottier: I suppose, as I referred to in my presentation, that the new funding formula would be in place by September 2004, carrying with it the implication that it would be properly funded as well, funded to Dr Rozanski's estimated amount of \$690 million, which is currently \$40 million short.

Mr Hudak: So they had made a commitment that they would increase the funding by \$40 million for this upcoming—

Mr Trottier: In all honesty, not directly, but they did say it would be implemented, and it was indicated that in order to implement it, it would require the additional funding.

Mr Hudak: So to be clear, they indicated that the full Rozanski funding with respect to transportation would occur?

Mr Trottier: Once again, they didn't say it in that many words, but they did say that the new formula would be implemented. I'm not trying to get away from your question, really.

Mr Hudak: You sound like a politician.

Mr Trottier: Well, I'm trying to represent it as I understand it.

Mr Hudak: The other thing I wanted to ask you about is, I understand that in Schreiber, Marathon, Manitouwadge you had talked about coterminus busing existing, which to me makes a lot of sense. What would you recommend the government do with respect to encouraging coterminus busing throughout the province of Ontario?

Mr Trottier: I believe that, once again, Dr Rozanski made the recommendation that coterminus busing be employed by all boards in the province, and I'm sure that would assist in many cases to relieve some of the pressure. I know in a few instances, which I won't name, there could be additional savings received as a result of doing coterminus busing. It was a recommendation of the funding review committee at one time that coterminus busing be implemented as part of the government's policy. That recommendation was not taken by the government.

Mr Hudak: When Dalton McGuinty had indicated that he would look at the Rozanski funding level for transportation, did he also indicate he would follow through on the co-terminus busing recommendation of Dr Rozanski?

Mr Trottier: I'm not sure of that.

The Chair: We'll move to the NDP and Mr Hampton. Mr Hampton: I just want to confirm something with you. I want to make sure that my experience is your experience. The communities I represent, which are all west of Thunder Bay, implemented co-operative busing between the separate boards and public schools and between high school and elementary schools very early on, in the mid-1990s. So when this started to be mandated or when boards were told, "You have to cut your busing costs," companies like yours and boards of education that you work for had already done that. You got no credit for it; in fact, you got penalized for it. Is that a fair statement?

Mr Trottier: That's correct.

Mr Hampton: Given where you are, do you have a sense of what needs to be done to make up for that penalty?

Mr Trottier: We had always hoped that with the new funding formula, the boards that had achieved those efficiencies would be recognized for it, and where boards had not and continued to have surpluses—and today there are boards in the province that do have surpluses—the monies would be reallocated.

We very quickly came to realize that this was not going to happen, because if a board had a \$5-million surplus, as one in particular does, that money has been spent somewhere else already and it's not going to be taken from their overall budget and sent to one of the northern boards' transportation budgets.

Mr Hampton: As I understand it, part of the problem you're up against is that to be a driver of a school bus you have to have a certain type of licence. You can't just get by on an ordinary licence. You've also got to have the safety training and everything else. Once you have all of that training, it probably pays you more money to go out and drive a truck than it does to drive a school bus.

Mr Trottier: You're absolutely right. With a B licence you can go out and drive a dump truck. You still have the proper licence to do that. School bus drivers make between \$12 and \$13 an hour on average, I would think, if a bus has children on it. Here in the city of Thunder Bay, if you work for the board of education and you drive a half-ton hauling parcels around, you make between \$18 and \$20 an hour and you get full benefits with that as well.

Mr Hampton: How does it make you feel that we're prepared to pay somebody who's driving a dump truck more money than we're prepared to pay someone who may have 40 or 50 children under their care? It seems to me that there's something terribly out of whack here. Yes, it's important to haul a load of gravel, but I would think having 40 or 50 young children whom you're responsible for carries far more responsibility.

Mr Trottier: Absolutely. My experience, in the 35 years that I've been in this business, is that school bus drivers aren't made, they're born, these particular people. I would say 95% of the people who work for me are women and are extremely dedicated. They love what they're doing, but they're getting harder and harder to find.

The Chair: Thank you for your presentation this afternoon.

Is the Thunder Bay Medical Society present? No.

We have a notice of motion presented by Mr Klees. If it's his wish, we could hear that motion now.

Mr Frank Klees (Oak Ridges): I'm not ready right now.

Mr Hudak: He's getting his typed up, Chair.

The Chair: It says "Notice of motions"; Mr Hudak also has a motion. We'll deal with it now.

Mr Hudak: Thank you, Chair. First, I want to register my disappointment in the rather draconian motion ramrodded through the committee a week or so ago by the Liberal majority members that limits debate to two minutes—to not just two minutes per member but to two minutes per entire party. I think it is an absolutely outrageous motion, considering this Liberal government had promised greater rights for individual MPPs, members and committees.

I move that the committee on finance and economic affairs recognize that the mining industry is vital to the success of the northern economy; and

That the committee recommend to the Minister of Finance that existing measures to encourage investment in the mining sector such as the 50% reduction of the mining tax rate; a 10-year tax holiday for new mines opened in remote locations; and a flow-through share

program to spur investment in mineral exploration and development be protected in the 2004-05 budget; and

That the committee recommend to the Minister of Finance that he reconsider the recent increase to the mining income tax rate and look at other tax measures that would encourage further growth and development within this sector.

The Chair: You have two minutes for a comment.

Mr Hudak: I want to register my regret at the beginning that the government members have limited the voice of the opposition to a total of two minutes per motion. We have a couple of members from northern Ontario here who I think would have a lot more to say about this particular industry and the impact it has across northern Ontario, but they're going to be limited—they've split the time—to one minute each. I'd be very pleased and I would certainly like to waive this motion so they could comment quite a bit longer on the importance of the mining industry.

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Mr Chair, as you may know, I had the honour of serving as the Minister of Northern Development and Mines under the Mike Harris government, and in the 2000 through 2002 budgets we reduced the mining tax rate from among the highest in North America to a much more competitive rate to spur investment in the mining sector. We coupled that with an incentive for remote mines in the far north of Ontario. There was a 10-year tax holiday. Examples of that could include the new diamond mine just outside Attawapiskat, or other exploration going on outside of urban boundaries that would qualify.

Third, to spur investment in exploration and development to help out the prospecting industry and new mines across northern Ontario, we brought in a flow-through share program. The federal government had one as well. I understand this has been a remarkable success, with all kinds of new activity in many sectors in the north, including around the Thunder Bay area.

I think it's absolutely vital, in this last hearing that we have of this committee in northern Ontario, for the government members to speak in support of this motion to make sure that we continue to support the mining industry in northern Ontario and the province as a whole.

The Chair: Thank you, Mr Hudak. Any other comment? Hearing none, this motion will be postponed until report writing for further comment.

Mr Klees: Chair, my motion is just being printed off, so as soon as it comes in, I'm happy to present it.

The Chair: Thank you, Mr Klees.

Mr Hudak: On a point of order, Mr Chair.

The Chair: There's no point of order.

Is the town of Fort Frances present?

Mr Hudak: How do you know there's no point of order?

The Chair: Point of order.

Mr Hudak: Thank you, Mr Chair. I appreciate that. I wonder if it would be in order to allow the government—the government members may not have understood my motion, or they did not comment at all—

The Chair: Comments will be made during report writing, as I stated at the end of your comments, Mr Hudak. That's when it will take place, on March 10. There will be ample time.

TOWN OF FORT FRANCES

The Chair: Is the town of Fort Frances here? I thank you for assisting the committee in its work this afternoon by being present at this time. You have 20 minutes for your presentation, and you may leave time for questions within that 20 minutes. I would ask you to identify yourself for the purposes of Hansard.

Ms Tannis Drysdale: Thank you. I appreciate, actually, moving up on the agenda. I have to be in Sioux Lookout tonight, so I had four hours to get here this morning and I have another four to get somewhere else this evening. Such is life in the north, I guess.

My name is Tannis Drysdale and I'm here today, of course, to speak on behalf of the municipality of Fort Frances. Fort Frances's population is approximately 8,300 people, and we're located about 370 kilometres west of Thunder Bay on the US-Canadian border. We're a pulp and paper town, and the majority of our population's employment is directly or indirectly tied to the forestry industry.

I'm a real newcomer to the world of municipal governance. I've sat on council in my community for a total of two months now, but what a couple of months it has been.

Ten years ago our town carried \$15 million in reserves, and the revenue we achieved through taxation was approximately \$10.2 million. This month we reviewed our financial position to find that the reserves are all but gone and we have an operational forecast, without any capital purchases, that shows we have a \$2.8-million deficit.

Our community is stable compared to much of the north, but stability does not provide growth, and based on our 2003 taxation figures, the revenue that we will achieve through taxes will be virtually the same as it was in 1993. The end result of the process we are now going through is that we will be asking for more and providing less.

One of the major reasons we have such a financial challenge is the cost of our uncontrollable expenses. Uncontrollable expenses result from such essential services as public health, social assistance, policing, and land ambulance. Each year, the cost of these services grows. The increase in costs associated with these services has been over \$1 million in the past three years alone. Although this year we will receive an increase in our community reinvestment fund, the gap between what we are provided and the cost of providing the services widens, and we will be \$1 million short.

I understand that facing difficult times and projected budget deficits appears to be rather a theme in the province of Ontario this year, so I'm coming to you here today not with our hand out but with a solution, a solution that will create increased revenues for the province and allow us to obtain at least partial control over our uncontrollable costs.

I'm here today to respectfully request that the province of Ontario immediately implement the promised provincial land tax reform that was committed to in the fair assessment system that was implemented in 1998. I am fully aware that this request is neither new nor innovative and that municipal leaders across the north have requested governments to implement this promise over and over again for the past six years. I know that it has been requested by FONOM and by NOMA.

For those of you who are from southern Ontario, where these territories do not exist, I will take a few moments to explain the size and nature of these areas. I've included a map in your packages. If you refer to your map, it only shows northwestern Ontario, and you'll be able to see that the areas outlined in orange represent organized territories or municipalities, and those in either pink or red are the unorganized areas in northwestern Ontario. My comments today will be restricted to two areas: Kenora region and Rainy River region. They represent only two of what Statistics Canada records as 21 unorganized territories across the province.

In the Kenora-Rainy River region, the value of these properties is \$1.4 billion. These properties have been assessed by MPAC, and a fair market value has been assigned. Today the government uses that market value to calculate education taxes. However, the province taxes these properties using a land-based system that works out to a taxation level that varies between \$20 and \$60.

If the province were to "flip the switch," so to speak, on these properties, based on a mill rate only representing about 75% of that paid by property owners within municipalities, I estimate that in just these two territories it would generate an additional \$14 million in revenue. I'm uncertain what the global figure would be for the entire north, but a conservative estimate would have to place it between \$150 million and \$200 million.

But I'm not here to give you ideas on revenue increases alone. The fundamental reason that we are coming today is that there are some complications that these unorganized territories create for our municipality. The first of those complications is representational equity issues. The prescribed makeup of our district social services adjustment board provides for three voting members representing unorganized territories. Collectively, their jurisdictions provide no financial contribution to the cost of services provided. The taxpayers of the town of Fort Frances, who pay for 48% of all municipal costs. have representation from only one member, who carries only a single vote on budgetary issues. This system was prescribed in the process of the creation of the board and may have been effective if the province had fulfilled its commitment to PLT reform. However, the current situation has led to a system of representation inconsistent with contributions.

As municipalities, we are assigned per capita costs for services such as public health. By having no acknowledged, understood ratio of the costs for citizens who reside outside of taxable areas, our per capita rates, I believe, are artificially inflated. In fact, public health costs for my municipality currently are assessed at \$50 per capita, and this is the highest rate anywhere in the province.

Another problem we have is competitiveness issues. Competing for growth in a small municipality under normal conditions is very difficult, but imagine the difficulty we have when we try to convince developers to build in Fort Frances when the province has created a tax incentive zone, with no strings attached, available for business or residential right on our doorstep. You can see in the package attached a comparison of the taxation costs of a property in the unorganized territory and the town. To give you further input on this, in the Rainy River district, where our population has declined over the past few years, in the unorganized territories, we have seen a 21% increase in new dwelling construction—and that's just for residential homes in the unorganized territories—whereas in the town of Fort Frances over the past 10 years, we've only seen a 5% new dwelling construction rate—essentially neutral.

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The final reason we are requesting this is to assist us in finding long-term cost savings. In the absence of a system of rational taxation in our region, we have been prevented from creating an area services board. Without the tools provided in an area services agreement, we cannot find efficiencies and provide the mandated services with reduced administration costs.

In conclusion, we and I believe that the north holds much opportunity for future growth. We are pleased the government has committed to programs such as grow bonds north and we look forward to utilizing this tool to expand our commercial sector.

We encourage the government to continue to actively seek solutions for northern communities that provide us with programs that generate wealth and expand our ability to be sustainable.

We appreciate this venue to discuss with you our challenges and look forward to working with the government of Ontario and opposition parties to ensure future growth for the province of Ontario and Fort Frances.

The Chair: Thank you very much for your presentation. We have about four minutes per party. We begin with the official opposition.

Mr Hudak: Thank you very much for your presentation. I always enjoy visiting Fort Frances. I had the pleasure of going to Fort Frances many times as northern minister. Pass my best to the mayor and the rest of council, and former mayor Witherspoon as well, who was always a good adviser to me.

I want to get a couple of things on the record. I appreciate the presentation you made. I think the points you made are very important. The land tax is one that's an important issue to bring up with the government and all three parties. There are a couple of things you didn't

touch on that I thought would be important to get on the record for the finance committee.

The northern Ontario heritage fund is a very valuable instrument for investment in job creation in our communities across the north. I think it's \$60 million per year. Would you support the continuation of the heritage fund at current or increased levels?

Ms Drysdale: I think you'd be hard pressed to find anyone in municipal government or business in northern Ontario who did not appreciate the work that the heritage fund has done in the past and should continue to do.

Mr Hudak: Excellent.

The other quick question I had for you too is, the government has talked about dedicating two cents a litre of the gas tax to municipalities. I'll backtrack on that a bit. The important thing for me is that small towns as well as the big cities like Toronto have access to that kind of revenue. What would the position of Fort Frances be with respect to the two-cents-a-litre gas tax?

Ms Drysdale: We certainly have never discussed it at council, so I can only provide you with my opinion on that subject. As I said earlier, we are facing a \$2.8-million operating deficit, so if the government were to provide us with any additional sources of revenue, we would be most grateful.

The Chair: Mr Klees.

Mr Klees: Thank you for your presentation. It's great to have you make the effort to be here, given your long drive.

I too am familiar with your part of the country. In my role as tourism minister, I had the opportunity to make a number of visits. In that regard, I have a motion here, as a matter of fact, that I'm going to ask the Chair for the opportunity to present, and it relates to the tourism industry. I've had a number of meetings in the past with the northern Ontario tourism organizations, and through our Ontario tourism marketing partnership initiated a northern office to ensure that there would be specific funds designated for marketing of tourism in and across northern Ontario. Could you comment on the importance of the tourism industry to your area and perhaps comment in terms of what you would see as important improvements to the kind of support the provincial government is giving to tourism in your area?

Ms Drysdale: Tourism marketing in northern Ontario is a different function than it is in southern Ontario. I'm the past president of NOACC, the largest business group in northern Ontario, and we were very pleased to see that model come out. It's still new and it's still untried as to whether it's going to be successful or not, but it is the current structure and I think we need to continue on with that

Tourism will be one of the growth areas we have for northern Ontario. There's a finite resource when we talk in terms of mining or forestry, and tourism has the potential to grow. Our industry requires significant capital to take it to the next level. I know that was something you were very involved with when you were Minister of Tourism. There are a number of things that the industry

itself can do to facilitate its own growth, but it requires the assistance of the government.

Mr Klees: Thank you. Chair, would you mind if-

The Chair: Could we finish the rotation of questions for this presenter first?

Mr Klees: Sure.

The Chair: We'll move to the NDP.

Mr Hampton: Your list of uncontrollable expenses: daycare, Ontario disability support program, Ontario Works, social housing, land ambulance—if I'm not mistaken, virtually every one of those services was either wholly or in part downloaded by the province over the last eight years. Is that not true?

Ms Drysdale: As I've said, I've been on municipal council for two months. I understand that over the last six

years-

Mr Hampton: I've been here for eight years. Every one of those was downloaded by the province.

Ms Drysdale: I thought you'd know the answer.

Mr Hampton: The public health part of it: As I understand the argument of the medical officer of health, he says, "Look, I've got these mandated programs. Legislation says I have to cover these programs, but the province is only giving me about half the money. I'm required by law to offer these programs, so I have to go to you, the municipality, and force you to come up with the rest of the money." Is that also true?

Ms Drysdale: That would be what the medical officer has said, yes.

Mr Hampton: Yes. I just want to tell you an intriguing story. I really give this for the edification of the Liberal members. This is something that governments have been around before.

In 1988—Mr Peterson would really appreciate this the Kenora Board of Education, the Fort Frances-Rainy River Board of Education, expanded their geographic boundary so that all these people in the unorganized territory pay school taxes to the Fort Frances-Rainy River Board of Education. The Kenora board wanted to expand their geographic boundary to take in all those mansions on Lake of the Woods. Boy, did they ever get some heavy-hitting letters from some people named John Turner, James Richardson and Lloyd Axworthy. That idea which was put forward by the board folded somewhere on the Minister of Education's desk at the time. There are real politics involved with this. It's a real equity issue. I really look forward to seeing you raise the property taxes on John Turner's Lake of the Woods mansion and see what happens.

Ms Drysdale: May I respond?

Mr Hampton: Yes, go ahead. That's fair.

Ms Drysdale: I also own a cottage property in unorganized territory so it wouldn't just be John Turner's; it would also be my property and I should be paying my fair share.

Mr Hampton: My point is, some voices are louder than others.

The Chair: We'll move to the government side.

Mr Colle: It's interesting: When Mr Hampton came to power in 1990 he had the chance to hit Mr Turner and company. I guess for some reason it never happened.

Mr Hampton: No; we did.

Mr Colle: Anyway, I think you made a good point, though. This is a real tax loophole, basically, that is hurting municipalities like yours. Thanks for bringing it to our attention. It's interesting that the previous government members didn't talk about it. They had the opportunity for the last eight years to address it and they made no mention of the fact—

Mr Hudak: Lower taxes—the other way from where

you guys are going.

Mr Colle: Sorry. They had eight years to address this inequity too and they made no mention of it. That's the big reason that you're here, right: to address the unorganized territories tax holiday?

Ms Drysdale: Absolutely.

Mr Colle: By the way, I think you deserve a lot of credit for taking on that hard job as a councillor in Fort Frances and all the travelling you do. It's really commendable that you're volunteering, basically, for this kind of service to your community. I commend you for doing that and caring enough to be here.

I guess the solutions are difficult ones because there are interests that don't want to pay property taxes. Why own a property in Fort Frances, or build a house in Fort Frances, when you can go outside the border on the other side of the highway and you're basically tax-free? You know the old saying, "Why buy the cow when you milk it through the fence?" They're getting municipal services like public health and they're coming into town for

That's what's happening.

So you've had the support of the various organizations like FONOM and NOMA, yet nothing's been done. You're saying that looking at this tax loophole might be one way that the government can possibly allow municipalities like yourselves to get some of the dollars necessary to provide those services to all people within Fort Frances and outside the border, right?

different services and they're not paying their fair share.

1450

Ms Drysdale: Actually, I'm not looking for my municipality to receive dollars from unorganized territories. I'm looking for you to receive them. Then we'll have a situation that's created where you have taxation and representation and we have equity. This money would go to you, the province, not to me, the municipality.

Mr Colle: But if it's property taxes?

Ms Drysdale: You pay provincial land taxes, and you could pay provincial land taxes that were based on market value assessment and we would provide them to the province.

Mr Colle: What you're saying is a bit of a derivation here. So they wouldn't be essentially assessed and collected locally, like the taxes are in Fort Frances?

Ms Drysdale: No, they'd be assessed exactly the same way as you do school board taxes on those same properties, perhaps even on the same bill.

Mr Colle: If you could—

Mr Hampton: There's no municipality in place to collect taxes there. The only tax collecting mechanism is the province.

Mr Colle: Unless they changed the boundaries. Anyway, if you could give me further—I'll get more information.

My colleague here from Sault Ste Marie has some questions.

The Chair: There's just a minute left.

Mr Orazietti: I'll be as quick as I can here. Thanks for driving such a great distance.

On the last page in your presentation you make reference to giving us the tools to have economic growth in northern Ontario. I'm concerned about focusing on solutions here for northern Ontario. The grow bonds strategy, the northern Ontario tax incentive zone that's presently under review: There are some problems with it in terms of the distances from the GTA, for example. A pannorthern strategy would obviously disadvantage communities farther away. It also asks for municipal share to be given up, as well as the issue with existing businesses versus businesses that would come to the community. Could I just have your comments quickly, if you can, on how you feel about the tax incentive zone, what might be changed in that initiative if it's to be properly implemented, and, as well, your comments on the effectiveness of grow bonds.

Ms Drysdale: Again I'm speaking for myself, particularly when it comes to the tax incentive zones, although our previous council did approve a resolution

supporting it.

With regard to grow bonds north, that was a program I forwarded when I was president of the Northwestern Ontario Associated Chambers of Commerce. The position papers that you see on the subject, I wrote. One would assume from this that I'm very supportive of it. It's very critical and it's a tool. In the north—I guess in all regions—we come to these things and we ask the government for money. There has to be some recognition that there is a finite amount of money, so we need tools that grow the economy so that we create wealth so that we could provide more taxation revenue to you ourselves and to municipalities. I see this as a mechanism that's cost-neutral, that will do that, with grow bonds north.

I recognize with tax incentive zones that in concept they are exciting and they have great merit. In application there are a number of complications. I think in implementing them you need broad consultation and a thoughtful system of governance. They have worked in other jurisdictions and of course they are working very well in the unorganized territories, where we are seeing 21% growth in northern Ontario. So I guess you can see from that that there is some effectiveness to them.

The Chair: Thank you very much for your presentation before the committee this afternoon. Mr Klees, we'll entertain your motion.

Mr Klees: Thank you. It's actually fitting that Ms Drysdale is here when I present this because, as she

indicated, she was party to a lot of our consultations. These issues that I'm going to be bringing forward relate in large part to the things that were recommended in those discussions.

I move that the committee on finance and economic affairs recognize that the tourism and hospitality industry is a cornerstone of the economy in northern Ontario;

That the committee recommend that the Minister of Finance and the Minister of Tourism and Recreation acknowledge that this industry continues to face significant challenges resulting from events such as 9/11 and that thousands of jobs in northern Ontario are dependent on this industry remaining competitive and capturing its share of the tourism market:

That the committee make the following specific recommendations:

That funding for the Ontario Tourism Marketing Partnership, and specifically the allocations made by the former government to establish the Northern Ontario Tourism Marketing Partnership office—in Sault Ste Marie—be maintained—at the very least—at its current level;

That the Minister of Finance and the Minister of Tourism work with the tourism industry and the financial services sector to develop an access-to-capital program for owners/operators of tourism-related businesses;

That a designated tourism marketing matching-funds program be established in support of a voluntary hotel/motel room levy, which is being established by the hospitality industry in some regions of the province.

The Chair: Comment? You have two minutes.

Mr Klees: I'm pleased to present this motion to this committee. It should be recognized, and often it is not, that the tourism industry contributes some \$7 billion to Ontario's GDP; that more than half a million people in this province are employed in the tourism industry; that we have some \$2.4 billion in provincial tax revenue that's generated through the tourism industry. For that reason, and particularly in northern Ontario, there is tremendous opportunity in expanding the economic base of this industry, but it can't be done without the appropriate marketing initiatives. They cost money.

So there is an important role for government to play here. We have an existing program, the Ontario Tourism Marketing Partnership program. Every dollar that is dedicated through that program goes to marketing. It's a highly competitive industry, and by supporting that initiative, particularly here in northern Ontario, we will do much to shore up an existing industry, preserve jobs and in fact create opportunity for job creation here in northern Ontario.

I do trust that I'll have the support of all members of this committee for this motion. Thank you.

Mr Orazietti: I don't seem to have a copy of the motion. Are they available from the opposition members?

The Chair: I can read the motion into the record again for you.

Mr Klees has moved:

"That the committee on finance and economic affairs recognize that the tourism and hospitality industry is a cornerstone of the economy in northern Ontario;

"That the committee recommend that the Minister of Finance and the Minister of Tourism and Recreation acknowledge that this industry continues to face significant challenges resulting from events such as 9/11 and that thousands of jobs in northern Ontario are dependent on this industry remaining competitive and capturing its share of the tourism market;

"That the committee make the following specific recommendations:

"That funding for the Ontario Tourism Marketing Partnership, and specifically the allocations made by the former government to establish the Northern Ontario Tourism Marketing Partnership office, be maintained—at the very least—at its current level;

"That the Minister of Finance and the Minister of Tourism work with the tourism industry and the financial services industry to develop an access-to-capital program for owners/operators of tourism-related businesses;

"That a designated tourism marketing matching-funds program be established in support of a voluntary hotel/motel room levy, which is being established by the hospitality industry in some regions of the province."

Comment? This will be postponed until report writing

on March 10.

The Chair: Is the Thunder Bay Medical Society present? No.

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THUNDER BAY COALITION AGAINST POVERTY

The Chair: I call on the Thunder Bay Coalition Against Poverty. Good afternoon. You have 20 minutes for your presentation. You may allow for questions within that 20 minutes if you so desire. I would ask you to state your names for the purposes of our recording Hansard. You may begin.

Ms Christine Mather: Hello, everybody, and welcome to Thunder Bay. Like Mr Hampton, I also have been around for eight years, and it has been a very long eight years to be involved in politics in this province. My name is Chris Mather, and I'm the executive director for the Thunder Bay Coalition Against Poverty and for the Lakehead Coalition Food Bank. On my right here is Valerie Swann, who is one of our store developers. On my left is Meaghan Jackson, who is our social work student on placement from Lakehead University. Next to her is Kate Edwards, another store developer. I'm going to ask Meaghan to start our presentation today.

Ms Meaghan Jackson: Good afternoon, everyone. I'd like to begin by thanking you on behalf of the Thunder Bay Coalition Against Poverty for this opportunity to present. My name is Meaghan Jackson, as Chris said, and I'm a social work student on placement at the Thunder Bay Coalition Against Poverty and the Lakehead Coalition Food Bank.

The coalition has been in existence for approximately nine years and developed as a result of increasing concern for the well-being of low-income individuals and families during a period of immense economic hardship. Known locally as T-CAP, we are an incorporated body headed by a voluntary board of directors consisting of eight members. The majority of our members are individuals with low incomes and we are thus able to reflect accurately and comprehensively on the struggles associated with poverty. Members include people on social assistance, people with disabilities, aboriginals, students, part-time employees and the elderly.

The goals of T-CAP include: to undertake nonpartisan political activity to assist in the communication of concerns of low-income people to all levels of government; to provide public education about the reality of poverty; and to engage in co-operative projects with lowincome people designed to ameliorate their life circumstances.

As a member of the National Food Sharing System, the Lakehead Coalition Food Bank serves over 22 local food banks in the district of Thunder Bay. Recent hunger counts have indicated that approximately 5,300 food hampers are being accessed per month. At our food bank alone, food is provided to over 1,500 people. Please do not forget that 40% of that 1,500 are children.

A previously undertaken and extremely well-received project called Voices! was successful in increasing voter turnout in Thunder Bay. By increasing awareness of the large number of people living on low incomes and the resulting need for a good voter turnout, T-CAP undertook to assist in the relaying of significant political information. This project not only served to empower many people, but also by its own virtue permitted a more accurate reflection of the desired electoral representation in the area. Successful projects such as this provide evidence for T-CAP's proficiency and commitment. Voices! demonstrated our dedication to our goals and, specifically, the power of our influential political activity.

Currently we are very excited at T-CAP about a new project in the early implementation stages. As a response to the concerns communicated by many individuals living on low incomes and the increasing prices of clothing and household items, a new store will open that will serve as a resource to access these items at an extremely reasonable price. As a result of funding through the job creations program from Human Resources Development Canada, two new staff have been hired to facilitate this initiative.

Ms Mather: Over the last eight years, our group has received much emotional and concrete support from Liberal members of the Legislature who were then, of course, the opposition. You guys have asked us questions at hearings like this, designed to illustrate the deficiencies of the ruling party's policies. You've marched with us at demonstrations; you've presented our petitions in the Legislature; asked us for examples of how the Tory's reign of terror was impacting our members; and you have assured us that once you were in power, things would be

different. Well, now the Liberals are in power, and we hope things will be different.

Mr Colle: So do we.

Ms Mather: Thank you. So in our presentation today, we are going to be detailing just what differences we're hoping to see.

Please listen to this next paragraph carefully. It is

meant very, very sincerely.

We believe that it is the responsibility of government to take care of all the needs of all its citizens. Of all the groups that make up our society, no group is in such need of your help-the government's help-as the poor. There's no need for us to go into detail about what happened over the last eight years, but we were attacked first, we were attacked most frequently and we were attacked most severely. There is a myriad of things which need to be done, but the four of us got together and we brainstormed the most important issues. For the rest of them, we'd like to refer you to technical paper number 6 published by the Canadian Centre for Policy Alternatives, and also to the Transitions document that the last Liberal provincial government prepared when they were in power. There are some excellent ideas in your Transitions document.

Concrete issue number 1: This is a pre-budget hearing, but before we talk about money, I want to talk about a non-financial issue, and that's the issue of poor-bashing by elected politicians. Over and over again, statements were made by the provincial Conservatives criticizing poor people. "Mothers on welfare spend food money on beer," for instance, and that kind of thing. Not only were these comments incorrect and unfair, they were also soul destroying to the poor. So respectfully, but clearly and vehemently, we say to you that poor-bashing is beneath the dignity of any elected official and denigrating to the dignity of the poor. So our first recommendation, which is not a fiscal recommendation, is that as elected officials you maintain your own dignity by not poor-bashing and you rebuild the dignity of the poor by challenging poorbashing when you encounter it in others.

We're very busy at T-CAP and I forgot to put an issue into the written thing that we've handed out to you, so I have permission from my cohorts to speak extemporaneously on that, and that's the issue of money generated by gaming in the province of Ontario. The citizens of this community voted for a charitable casino. I didn't vote for a casino at all, but, you know, the will of the majority; they voted for a charitable casino. I did a little mini-poll just by calling people I know, and everybody said that when they voted for a charitable casino, they thought that meant the profits from that casino would go to help people in need in our community. That's not the case. Some of the money goes to the Trillium Foundation.

So my first recommendation about gaming money in our province is that the regulation that says only incorporated groups can receive Trillium funding be changed. Some of the groups that are most in need of money and doing a lot of very hard work are not incorporated. It doesn't apply to us. We were incorporated right from the beginning because I knew most funders require incorporation. But if you think of a little hockey league or something like that, they're not going to be incorporated. So that's our first recommendation.

A second recommendation about gaming money is that the minuscule amount that our community receives from the massive profits of the casino is not going to charitable purposes. When I asked the mayor and council about this, they told me—so this is from them, not me—that they're not allowed to direct that money to charitable purposes, that it has to go into the general operating fund of the municipality. If that is in fact the truth and they're not just trying to shut me up, please change that so that the money has to be designated for charitable purposes.

This isn't written down, so I hope I've made myself clear. Now Val is going to continue with issue 2.

Ms Valerie Swann: Issue 2: The first financial issue we wish to raise is that of hunger, a widespread and shameful phenomenon. In 2004, in the richest province in one of the richest countries in the world, people are regularly going hungry. We would again refer you to technical paper number 6 for details. We have three recommendations to make concerning this:

(1) No level of government has a ministry, task force or official charged with the responsibility of ensuring that people have enough food. We have asked the federal Liberal members, including Paul Martin and Claudette Bradshaw, to implement such a thing. We have asked the provincial Conservatives and we have asked our last two previous and our current mayor for the same thing, all to no avail. Now we ask the provincial Liberal government. This is not some bleeding-heart, irrelevant proposal; it is a sound fiscal policy. Poor nutrition obviously costs health care dollars. Poor nutrition obviously costs education dollars. Perhaps less obviously, we believe that it also costs dollars spent in the criminal justice system.

Up till now, the task of making sure that people have enough to eat has fallen to charitable organizations. We are not doing well at meeting that task. We need your help. Therefore, we recommend that the government of Ontario do what no other level of government has had the foresight to do and assign responsibility to a cabinet post for ensuring that an Ontario citizen's right to food is met. That right, of course, is guaranteed by section 25 of the Universal Declaration of Human Rights

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(2) Social assistance payments are too low. We have attached a table to your copies of our presentation that compares the actual rates of the low-income cut-offs. It simply is not possible to make ends meet at the current levels. Therefore, we are recommending an increase to the basic allowance portion of the social assistance payments.

Further, because the price of food differs widely across the province, we are recommending that such an increase reflect the actual cost of food in a given community.

Further, we are recommending that such an increase be annually adjusted.

(3) We wish to draw your attention to the bizarre situation concerning the national child benefit supplement. This is a benefit paid by the federal government as an anti-child-poverty strategy. This strategy is negated in Ontario because every dollar that a parent on welfare receives from this program is deducted from their welfare cheques. This clawback netted the last government about \$183 million up to 2001. They used some of the money to fund the child care supplement for working families. This in itself is a worthwhile initiative, except that funding a child care program for the poorest employed parents with money taken from even poorer parents is just about as illogical a piece of social policy as you can get. We therefore recommend that the provincial Liberals stop clawing back from the poor money given to them by the federal Liberals.

Ms Mather: Issue 3: Our next issue is that of housing. When the Conservatives were elected, this community alone lost 13 subsidized housing projects, and some of them were at the building stage, all gone with just a stroke of a pen. This, combined with the misnamed Tenant Protection Act—we can only suggest that was misguided humour on the part of the Tories—and the 21.6% cut to welfare payments, has caused a housing crisis for poor people. It also contributes to hunger because a family's or an individual's food budget is the first to be raided to meet the rent. We have four recommendations for you on that issue:

(1) The shelter allowance portion of social assistance payments should be raised, and it should be raised to reflect the actual cost of housing in a given community.

The increase should be annually adjusted.

(2) When a person is fortunate enough to be in subsidized housing, their rent is geared to their income levels. However, we believe that their rent should also reflect their child care expenses. Therefore, we recommend that rent calculations in public housing take into account child care costs.

(3) We're very pleased that the government has agreed to resume funding subsidized housing and we recommend that this be done quickly and thoroughly and comprehensively.

(4) The Tenant Protection Act needs to be overhauled. You can take whatever meaning you like into the word

"overhauled."

Ms Swann: Issue 4: The next financial issue we wish to raise is that of employment. We have three recommendations to make:

- (1) Using the Social Assistance Reform Act, the previous government made it impossible for a person on welfare to go to college or university. This is incredibly naive social policy. You do not need a degree in social work or economics to know that the best route to a good job is to acquire an education. We therefore recommend that the regulation preventing recipients from attaining higher educations be revoked.
- (2) Leaving aside the immoral and unfair nature of the work-for-welfare programs, the Tories' workfare program has not been successful in helping people find good

employment. What are required are meaningful job training and job placement programs. We therefore recommend that the workfare program be discontinued and the money spent on it be redirected to the kind of program discussed in Transitions.

(3) When the workfare program was implemented, our group began to form a union for people on workfare. We signed up about 70 people. The Tories' reaction was to rush through a piece of legislation making it illegal for

people on workfare to join a union.

As Canadians, we have the right to organize. We therefore recommend that the act to prevent the unionization of welfare recipients be rescinded.

Ms Mather: Issue 5: Finally, we have some concerns about the process of these pre-budget hearings. We believe it's not possible to arrive at a sound budget which would involve no cuts to services without tax increases. So you're leaving out one side of the picture. However, we decided to break the rules, and so we've got six recommendations to make in this regard:

(1) Please remember that any money paid to poor people contributes to the economy of their communities. Poor people tend not to take trips to Florida in the winter.

(2) Similarly remember that any money paid to poor people reduces expenses to other very costly services.

(3) Review the paper produced by the economist Hugh Mackenzie for the alternative Ontario budget, which puts the likely 2004-05 deficit at \$2.2 billion, not \$4.7 billion.

- (4) Add two new tax brackets for people earning over \$100,000 a year. These would involve a modest 2% increase for people in the \$100,000 to \$150,000 bracket and a 3% increase for income over \$150,000. This should result in at least \$1.3 billion in new revenue for the 2004-05 fiscal year.
- (5) Increase the corporate tax rate by 1.5%. That would put it at the rate of the late 1990s. This should net \$700 million for the next fiscal year.
- (6) Eliminate the employer health tax exemption for the first \$400,000 in payroll for firms that have more than \$2 million in payroll.

Thank you for the opportunity to present today. We look forward to further opportunities.

The Chair: We have about two minutes per party, and we begin with the NDP.

Mr Hampton: I just read the last section of your paper. I think you've shown the government how they can raise \$2.5 billion in new revenue. Are my numbers correct?

Ms Mather: Yes. We are always part of the process that develops the Ontario alternative budget. Yes, that's what we're saying. Those are recommendations in the alternative budget too.

Mr Hampton: I want to thank you for making those recommendations, because I think it would be an absolute travesty to look at budget measures from only the perspective of what can be cut or what can be privatized.

The other question that I wanted to ask you is on the issue of the shelter allowance. Do I understand that the

cut that was made to the shelter allowance was a 21.6% cut?

Ms Mather: Yes.

Mr Hampton: Then there was essentially the crippling of rent controls through what was for some strange reason called the Tenant Protection Act. Many people think that housing is a problem only in large cities like Toronto or Ottawa. I would be interested in hearing your comments, though, with respect to Thunder Bay, having seen a 21.6% cut in the shelter allowance and then what that has meant for people in terms of paying the rent.

Ms Mather: I've been a social worker in Thunder Bay for, I guess, 22 years now. Take the example of a mother on social assistance with two kids, for instance. Until the 21.6% cut, she could make it. It wasn't a great life, but there was money for the odd treat, the odd trip to McDonald's or to a movie. She had to be careful, but she could make it. When the 21.6% cut came down, it was just devastating. I know women who lost \$300, \$400 and \$500 a month.

In my opinion, the group of poor people who suffer the most because of the 21.6% cut and the getting rid of rent controls are single people. The maximum a single person in Ontario is allowed for the whole month, for everything, is \$520. You find me a safe, warm, secure apartment for somebody whose income is \$520 a month. What we find is that homelessness has increased. Call any of the shelters in Thunder Bay; they're always full. Homelessness in Thunder Bay is not such a visible image as it is in Toronto. You see people on the subway grates and so on in Toronto, but we don't have subway grates, and you know what our weather is like up here. So homelessness, although not as visible in Thunder Bay, is very much evident.

The Chair: We'll move to the government.

Mr Colle: I want to thank you for your very informative presentation with some very good ideas. There are no rules about proposals. We've had many very thoughtful proposals like yours from people all across Ontario over the last couple of weeks. We will entertain anything that will help us provide the services that are required in Ontario.

Ms Mather: I thought Mr McGuinty had said he wasn't considering any tax increases, so I guess I got that wrong.

1520

Mr Colle: We are considering ideas on how to increase revenues, for instance. We're very open to that. We just had a presenter before you who talked about that.

What I'd like to say is that one of the things we're looking at is a comprehensive way of helping children or families in need. Just to let you know, yesterday the Minister of Children's Services announced \$60 million for the children's aid societies of Ontario, because there have been huge deficits run up by them. What we're trying to do, I hope, is not only look at doing everything all at once, but there are many facets to helping people, especially the most vulnerable, rise above the high need and the high social deficit left by the previous govern-

ment. So we're just saying to you, be as co-operative with us in terms of giving us ideas. Keep pushing us and keep giving us those ideas because we are trying. We've also given vulnerable, high-needs children some money too.

The Chair: We'll move to the official opposition.

Mr Klees: Thank you very much for your presentation. At this committee's meeting in Windsor, I put forward a motion that proposes that the Minister of Finance give serious consideration to a market-basket formula for social assistance, specifically the shelter portion of it, because of the variances in the levels of rents across the province in various regions. I take it from this presentation that your organization would support that.

Ms Mather: I hesitate to support a motion that I haven't seen, but what I will say is, first, from what you are saying, it appears to be in line with what we're saying, which is that both the shelter allowance and the basic living allowance should be geared to what the

actual costs of a family are.

Mr Klees: I just want to follow up on your—clearly you're making a recommendation here that personal income taxes be increased for high-income earners. Do you expect the Liberal Party, with whom you've been so closely aligned over the last few years, to take that recommendation to heart and to implement it?

Ms Mather: That's a bit of a loaded question to ask an anti-poverty activist, sitting with all these powerful

people.

Mr Klees: It's a pretty straightforward question. They deserve to hear—

Ms Mather: Party politics are still party politics. What I would say is that I hope the Liberal members took to heart the paragraph where I said, "I really need you guys to listen to this." We really need their help. I hope they would look at the alternative Ontario budget, which is full of creative ways to make our taxation system fairer.

The Chair: Thank you for your presentation this afternoon.

THUNDER BAY AND DISTRICT LABOUR COUNCIL

The Chair: I call on the Thunder Bay and District Labour Council. Good afternoon. You have 20 minutes for your presentation. You may allow for questions within that 20-minute period. I'd ask you to please state your name for the purposes of Hansard.

Mr Paul Pugh: My name is Paul Pugh. I am president of CAW local 1075 and a member of the labour council. With me is Katha Fortier, who is vice-president of local 229, CAW, and also a delegate to the labour council. We're going to be doing our presentation jointly. I'll be presenting on the general topic and Katha will be speaking more specifically on health care.

"Servants, labourers and workmen of different kinds make up the far greater part of every great political society.... What improves the circumstances of the greater part can never be regarded as an inconvenience to the whole." The quote is from Adam Smith's Wealth of Nations.

We thank the standing committee on finance and economic affairs for this opportunity to express our views. The Thunder Bay and District Labour Council represents some 9,000 affiliated members in 45 local unions. Members of these unions work in the private and public sectors. CAW Local 1075 represents approximately 650 employees of the Bombardier Thunder Bay plant, producing mass transit vehicles.

The defeat of the Conservative government was the cause of rejoicing by working people in the Thunder Bay region. The eight years of Conservative rule were the worst most of us have ever experienced. Our families, neighbours and community suffered cuts to education, health care, public transit and every aspect of public services. Short-sighted, ideologically driven privatization campaigns undermined our safety in critical areas such as water quality, hydro, health care and other areas. Our rights as workers were assaulted by viciously anti-labour legislation in employment standards, workers' compensation and labour relations. During the grim years of Conservative rule, workers in Thunder Bay joined with working people throughout Ontario in actively protesting by every means possible and campaigning for the defeat of the government.

Workers in Thunder Bay voted for change. The people of Ontario voted overwhelmingly for change. Change means an end to discredited Conservative policies. Change means restoration and strengthening of public services; an end to privatization schemes. Change means respect for working people and the environment.

We understand the new government is faced with a large deficit inherited from the Conservative regime. The existence and size of this deficit should come as no surprise, as comparable results have obtained in other jurisdictions pursuing similar policies of irresponsible tax cuts. That said, the people of Ontario expect elected representatives to carry out their duties in a fiscally responsible manner. The deficit must be dealt with; it cannot be wished away.

The large deficit inevitably means the new government will not be able to keep all its election pledges. It must either continue the Conservative agenda of cuts to public services or it will have to reverse some or all of the Conservative tax cuts. There can be little doubt which course Ontario voters want. The people of Ontario voted for change. As stated earlier, change means restoring public services. Such programs have costs, and new revenue generation measures will be required.

The Ontario alternative budget, released by the Canadian Centre for Policy Alternatives, lists a number of revenue-generating proposals which merit consideration. A careful study of these proposals shows that small increases in income tax and reversal of the Conservative corporate tax cuts can generate the required funds. Such proposals are sometimes dismissed as radical or leftist. In fact, it was the Conservative agenda of tax cuts and

public service cuts that was truly radical and which the electorate overwhelmingly rejected. Restoring public services and the taxation required to maintain them are hardly leftist; they are a return to genuine commonsense policies in existence prior to the Harris-Eves government. Such policies were carried out, with variations, by governments of all three major parties.

Let us be clear: government regulations and services are required to shield the public from unbridled market forces. To give a current example, former Ministry of Transportation highway snowplowing services contracted out by the Conservatives to the private sector are now threatened by skyrocketing insurance premiums. Residents of northwestern Ontario simply can't afford radical privatization experiments that threaten our road safety. It's time to restore common sense.

The notion that our health, education, transportation and many other essential services can be entrusted to the market is not only radical, it requires us, in a leap of faith, to put our fates in the hands of those who gave us Nortel, Enron and the dot-com new economy. Such people have shown themselves to be unreliable and unaccountable. In fact, their track record has been consistent for a very long time. In his classic study, when writing of merchants and manufacturers, Adam Smith cautioned against "an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public and who accordingly have, upon many occasions, both deceived and oppressed it."

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The Thunder Bay and District Labour Council asks that you keep faith with the Ontario electorate by restoring public services and undertake the revenue generation required. The people of Ontario did not vote for a continuation of Conservative policies.

Ms Katha Fortier: Thanks, Paul. Again, we welcome the opportunity to attend before what we hope will be an open and full debate about the future direction of our provincial economy and public services in Ontario.

CAW local 229 is the largest of the 44 affiliated unions to the Thunder Bay and District Labour Council, representing 2,300 members, 2,000 of whom are employed in health care and health-care-related fields. They work in hospitals, nursing homes, homes for the aged, ambulance services, medical and rehabilitative clinics, home care and community care agencies for personal support services. With this extensive overview, we receive an accurate and realistic picture of the strengths and weaknesses of our health care system in north-western Ontario directly from the front lines.

Our submission today is based on the fact that the people of Ontario voted for change. They have sent a clear message that they truly value public services, and in fact 42% believed health care was the most important priority in the last election. This government has been given a clear mandate to invest in social programs such as health care and education.

I put to the committee that the people of Ontario are prepared to pay for the rebuilding of their valued social services. An Ekos 2003 poll found that 68% of the respondents, when asked, if they were Premier and had to decide to allocate the provincial budget, chose investments in social programs such as health and education. Only 17% chose reducing the provincial debt and 13% chose further tax cuts.

We urge this government to consider ideas for revenue recovery that will put back at least some of the \$14 billion in annual revenue that has been lost in recent years. If there has been one promise that this government should break, it is the one to freeze taxes. Modest improvements to public services will require modest tax increases, particularly when you factor in unpredictable events such as the SARS crisis. Tax cuts that disproportionately benefited higher income taxpayers must be reversed and the loophole that exempts the employer health tax for under \$400,000 should close. The legacy of our years of tax cuts in this province has resulted in the immediate need to rebuild our services, and the people of Ontario are prepared to once again pay their fair share.

Ontarians, despite knowing that there have been some major systemic setbacks, are overwhelmingly proud of the public health care system. When we read the studies, like the recent one by the Harvard Medical School that found health care administration and bureaucracy in the US accounted for 31% of total health spending versus 16.7% in Canada, we know we are on the right track. This study also pointed out that under a national health insurance program, the potential savings of \$286 billion could be used to offset the cost of covering the 44 million uninsured, fund retraining and job placement for displaced insurance workers and cover all out-of-pocket drug costs for seniors. That's in the United States. They could, amazingly, cover all of their costs for public health care.

In northwestern Ontario, we know that rebuilding health care is a priority. In recent months, over 7,000 people have signed postcards for a campaign for minimum staffing standards of 3.5 hours per resident per day. To my knowledge, very few of those people declined to sign when they were asked, and even fewer asked about how we would pay for it.

Home care: Frustration has risen on many levels. Accessing home care has become virtually impossible. While the community care access centre budget has been slashed and frozen, the Victorian Order of Nurses lays off nurses and other health care workers, while over 150 citizens are on a waiting list to receive homemaking and patients are now forced to travel to medical day care centres or already stressed emergency rooms to receive needed services such as dressing changes, intravenous drugs or catheterizations.

Competitive bidding in this sector has also created problems, completely eroding job security for workers, who can suddenly become unemployed if their employer loses a contract. Over 20 registered practical nurses in the Rainy River district lost their jobs when the VON lost the bid to Comcare, a for-profit operator. Health care professionals question the logic of staying in a system where this could happen at any time.

Thunder Bay Regional Hospital is regularly closed to the residents in the region, forcing them to go to other centres like Sudbury or Toronto to receive advanced care, putting additional stress in those areas. Only a portion of this problem will be resolved with the opening of 60 temporary interim-care beds, because larger systemic issues are still at play. We're looking at an average age that's increasing and the needs of our population increasing while the services remain frozen or are reduced.

It should also be noted that we soundly reject any form of P3 hospitals or privatization of MRI and CT clinics. These short-term solutions are not a fix for a long-term fiscal problem: inadequate public investment in health infrastructure.

Long-term-care residents in Ontario now receive nursing and personal care per day that is lower than in any other jurisdiction. CAW represents workers in Thunder Bay at two for-profit homes and three municipal homes for the aged. On average, we estimate they receive 2.3 hours, or two hours and 18 minutes, of care provided by health care aides, RPNs and RNs combined. This includes not only the hands-on direct care such as bathing, feeding, medicating and incontinence care, but the behind-the-scenes care such as doctors' orders, preparing medications, charting and making beds. As levels of care have dropped, the levels of care required have risen. A new not-for-profit home will open in Thunder Bay soon, and we estimate it will be staffed at 2.11 hours.

A recent series in the Toronto Star and an upcoming program on W Five are bringing deplorable conditions in nursing homes to the public eye that are the result of systemic problems; specifically, lack of minimum standards for care, lack of whistle-blower protection for staff who fear employer reprisals for reporting, and inadequate funding. Adding insult to injury, for-profit operators are receiving about \$70 million more in funding each year than not-for-profit operators. Corporate industry giants are doing better than ever. Extendicare recently reported quarterly profits of \$13.8 million, admitting in the Toronto Star that they "benefited from the governments of Ontario and Alberta's improved funding for longterm-care services." In the same article, they report purchasing a new nursing home in Wisconsin for \$5.6 million. In Ontario, they are actually given public money: \$75,000 for each bed they build. It almost sounds too good to be true: public dollars going directly into capital assets for profiteers.

Ambulance: The type of ambulance service you receive will depend directly on where you are located when you require one in the province of Ontario. If you are in a major centre or a select smaller centre, you will be treated by trained paramedics available around the clock. But if you are in, say, Marathon or Geraldton or Nipigon, trained paramedics are only there for half the day; the other 12 hours, a paramedic, using a pager for standby, will take somewhere between five and 15 minutes just to get to the ambulance base. Let's hope you're not in too big of a hurry.

Addiction services: Facilities that provide addictions treatment programs, such as the Sister Margaret Smith Centre run by the St Joseph's Care Group, are chronically underfunded. Already they operate with forced shutdown periods throughout the year, increasing the waiting times to as long as four months for both youths and adults who desperately need this service.

We've listed a number of steps we believe are key to rebuilding our health care system and which have a particular effect in northwestern Ontario.

First, continue to fund 50% of the ambulance services, but ensure that it is 50% of the real service cost, and take into consideration contractual obligations. Ensure that all services are funded to provide a 24-hour service.

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Ensure funding for minimum staffing at 3.5 hours per patient per day in long-term-care facilities. Legislate whistle-blower protection for health care workers to ensure quality of care remains the primary goal. Mandate long-term-care inspectors to speak directly to family representatives and worker representatives in unionized environments. This should be the union representatives that they speak with.

As a fiscal as well as a practical matter, ensure that there is full utilization of registered practical nurses as a cost-effective and competent provider of nursing care throughout the health care spectrum.

Provide a multi-year funding framework for transfer payments to agencies to ensure stability and predictability, and consider real costs and increases to those costs. This would not only include hospitals and longterm-care facilities, but addictions centres, public clinics and ambulance services.

Significantly increase CCAC budgets to allow for real home care that will help alleviate the crisis in hospitals and long-term care. Revenue to finance this change should not be generated by the short-term profit of selling public assets or by entering into P3 agreements that have proven to be inefficient and have a long-term price deficit.

Efficiencies such as full RPN utilization and halting the public funding of long-term-care facilities to profit-making companies, and examining the envelope system of funding in long-term care for inconsistencies such as the cost of incontinence products coming directly out of the nursing and personal care budget, could result in significant savings.

Regulate the long-term-care accommodations budget envelope to ensure that adequate resources are used for environmental services. This envelope is where operators make their profit, so we must make certain that profits don't come at the expense of a clean and comfortable home.

Stop the creeping privatization of health care, particularly in home care and long-term care, where millions of dollars end up as profits for shareholders instead of going directly to provide care for those who need it most.

Any tax increase must be reflective of incomes. The poorest Ontarians cannot be expected to pay the same as the richest.

Thank you.

The Chair: Thank you for your presentation. We have about two minutes per party. We'll begin with the government.

Mr Wilkinson: Thank you so much for coming. Many groups have come over the last two weeks, and we still have another week. It's just great that you're able to come out with a unified message, so that we hear that. That's why we're doing this exercise. It's very important, when you're stuck at Queen's Park, that you actually hear from people.

We're really on the horns of an exquisite dilemma. I want you to go back to your members and just let them know how difficult it is for us. I read in the Toronto Star during the campaign I was running in, and I remember the Premier at the time—I know the former government tells us how we have to keep our promises—Mr Eves, saying, "We will not be running a deficit." It's interesting because five weeks later, the Star tells us, not to put too fine a point on it, that we now have proof that over the last seven months the outgoing Conservative government lied about the state of the province's finances. Specifically, the Tories said repeatedly that the budget for this fiscal year was balanced, and demonstrably it was not. So we are on the horns of an exquisite dilemma.

I'm very happy that you've come here, because we have to deal with that. We've got to clean up the mess these guys left us. I think the most important thing is that you're coming here with practical, reasonable solutions to try to help us and help us focus on what the good people of Ontario want. On behalf of all of us, we appreciate the fact that you came here. It's important that, for the first time in many, many years, you've actually been listened to.

The Chair: Thank you. We'll move to the official opposition.

Mr O'Toole: Thank you very much. I would encourage a kind of mandatory reading. Hugh Mackenzie made a presentation to the committee on the opening day. I think it's worth reading. You probably have read it already. He clearly stated on the public record as an expert—I think they used the word "lied" in a quotation there—that everyone knew there was a deficit, everyone knew. Let's be true that all the 231 promises apparently come out to about \$6 billion. They really would promise anything and do nothing. That's kind of the feeling we have.

To be fair, I did listen to your presentation. You made 11 recommendations, and, in fairness, there are many in here that I paid a great deal of attention to. Have you any idea of the total cost of this package?

Ms Fortier: Sorry, I don't have the exact cost; I have heard some figures.

Mr O'Toole: Could you get back to us on that?

Ms Fortier: I could look at it. Mr O'Toole: Thank you.

The Chair: Further comment?

Mr Hudak: I want to make sure I register notice of a motion from a previous presentation. Should I read the motion now or after the questions?

The Chair: We could deal with it after the presen-

tations today.

Mr Hudak: Fair enough.

The Chair: We'll move to the NDP.

Mr Hampton: I too want to thank you for two excellent presentations.

I guess I want to ask you to reflect the views of your members, since you represent an awful lot of workers in Thunder Bay: You represent people on the industrial side, and you represent people on the health and social service side.

I hear the government go back and forth. One day the Premier says there will be no tax increases. The next day the Premier says they're looking at selling off the LCBO or more of the hydro system or TVOntario. The next day I hear the Premier say they're looking at "creative ways" of getting private money. To me, the creative way is something like a P3 hospital. Yet my sense is that most average people in Ontario are prepared to pay higher taxes if they know that money is going to things like health care and education, things that really matter to them. What's your sense of your workers, of the people you represent?

Mr Pugh: We're very clear, and during the election campaign it was overwhelmingly clear from our members, that we're tired of the cutbacks and we want to see a restoration of things we consider part of our birthright as residents of Ontario. If higher taxes are necessary, that will take place. Bill Mauro, who was on city council, knows that. That came out very clearly in city council politics over the last few years. People are willing to pay if they feel they're going to get something for their money. The priority is restoring our social services.

The Chair: Thank you. There was a request by one of the committee members for you to provide some statistical information. That request has already been sent to research, so there's no need for you to look for that.

Mr Klees: On a point of order, Mr Chair: I'm not sure that Hansard picked it up, but I know that Mr Wilkinson would want to withdraw a couple of unparliamentary remarks he made in the course of the previous presentation. In all seriousness, I think he'd prefer to withdraw those. I'm not sure if Hansard picked it up, but if they did, it shouldn't be on the record.

The Chair: I didn't hear the remark, and we're all honourable members.

KINNA-AWEYA LEGAL CLINIC

The Chair: You have 20 minutes for your presentation. Within that time, you may leave time for questions. I would ask you to introduce yourself for the purposes of Hansard. You may begin.

Ms Sarah Colquhoun: My name is Sally Colquhoun. I'm the coordinator of legal services at the Kinna-aweya Legal Clinic in Thunder Bay.

Our office is funded by Legal Aid Ontario to provide poverty law services to low-income residents in the district of Thunder Bay. We focus primarily on income maintenance matters and tenancy issues. We provide summary advice and ongoing assistance through casework and appeals for people, but we also do law reform work to try to find systemic solutions for the numerous problems our clients face.

You will already have heard much of what I have to say this afternoon, and I think it's important for you to recognize that one of the reasons you are hearing it often from professional people and from agencies is that lowincome people are not a vocal constituency. Social assistance recipients are embarrassed that they're on social assistance. They don't want to come to public meetings and admit that circumstances in their life have forced them to apply for welfare, because they have internalized the myths that have been expressed so often, particularly by the previous government, of the worthlessness of people on social assistance. So they don't come and speak on their own behalf, and it's incumbent on those of us who work daily with people who are struggling to survive on social assistance to come and speak to you about these issues. 1550

People who are struggling on a day-to-day basis to put food on the table and pay their rent don't have much energy left to be political; they're not in a position to speak publicly about the debilitating effects of trying to cope with not having enough money. So we appreciate the opportunity that's been afforded to us to come to speak on behalf of our clients and to urge the committee to recommend an increase in spending on social assistance and housing in the coming budget, in accordance with the promises the government made during the election campaign.

I think it's important to note that a couple of people have commented this afternoon, in the short time I've been here, about people in Ontario voting for change, about voting for a restoration of public services and wanting money to be spent on important things like health care and education. Social assistance often gets left out of the equation when people talk about health care and education, and I think it's for the very reason I've expressed: that people on social assistance aren't able to speak for themselves about the problems they have.

Nobody wants to be on social assistance; it's an income of last resort. For the most part, people are on social assistance because they've lost their job or because they've lost a spouse or because they're ill. In the north we certainly understand the issues of people who are working in seasonal work and can't get work in the winter. They have no option but to go on social assistance in order to feed their children.

Everybody who's on social assistance now has been pre-screened through the income screening unit, the call centre you have to call before you even get an appointment at the Ontario Works office; they've been through an education session at the Ontario Works office; they've been through the actual appointment at the Ontario Works office; they've provided all the documentation they've been asked to provide, including birth certificates for their children and their last income tax returns. There are many, many hoops you have to jump through now to get on Ontario Works and on any kind of social assistance in Ontario. The program has been made very difficult in terms of the documentary requirements and other requirements.

There are now many people in Ontario who have no income and no assets but who are not eligible for social assistance for a number of reasons. We see people every week in our office who have no income and no assets but can't get social assistance.

Everybody who is getting social assistance needs it. They should be entitled to get enough money to provide the basic necessities of life for themselves and their families. They should get enough money to pay the average cost of rent or something slightly less, but the shelter subsidies are totally inadequate. You've seen numbers from other organizations; I know T-CAP had information in their submission with respect to the difference between what you get for a shelter subsidy and what it costs to provide shelter for your family. It's nowhere close.

A single person in Ontario gets a maximum of \$325 for shelter and \$195 for all other basic needs. The cost of a healthy diet for a 45-year-old man in the city of Thunder Bay is \$197 a month. It's simply not possible to have adequate housing and eat a healthy diet, let alone money for transportation, clothing—you're looking for work. There are lots of other expenses beside rent and food, but you can't very comfortably cover rent and food.

The reduction in rates in 1995 was devastating for low-income people, and the fallout has been enormous through all sorts of sectors: emergency shelters, food banks, children's aid societies, hospitals and health care, and correctional services. It would be much more fiscally responsible for the government to simply provide poor people with an adequate income, which would take a lot of pressure off many of these services, and in a more dignified way.

There are all sorts of information out there that you've been directed to. There are many reports talking about the devastating impact of the reduction in welfare rates on families who rely on social assistance in Ontario.

It's important to remember that we're talking about people who everyone agrees need social assistance. So all those other red-herring issues about people cheating and fraud in the system—we're talking about people who need social assistance and who have been acknowledged to be eligible. They don't get enough money. The rates have to be increased. The Liberals promised they would increase the rates and we're fully expecting them to live up to that promise because people are living in hardship.

We'd ask that social assistance rates be raised immediately to the pre-1995 levels, and that in future, rates should be set after careful analysis of the true cost of

living in the province of Ontario. I was interested in Mr Klees's remark with respect to his motion about a market-basket approach to setting social assistance rates. I've been around long enough to know that legal clinic representatives were involved in a number of project teams that were set up by the Liberal government in 1989 to help implement the Transitions report, which was a report on how to actually reform social assistance in Ontario in an effective way. Certainly a market-basket approach to setting rates was something that was recommended long ago. It's not something that the Conservatives were looking at when they were in power, so it's interesting to note that they're suggesting it now.

There should be provision made for automatic cost-ofliving increases in social assistance so people don't have to wait for 10 years for an increase that's not going to be enough to stop the crisis and then come begging every year for an increase. There should be an automatic costof-living increase.

They should take out the time-limited changes in the variable exemptions under the support to employment program, which changes the amount of earnings that people can keep. After they've been on assistance for a period of time, they can't keep as much of their earnings, so it's detrimental to people going back to work. And of course, shelter subsidies should reflect the real cost of housing.

The number of children living in poverty has increased in Ontario in both relative and absolute terms in the last 10 years. Researchers agree that an adequate income and a healthy start in life have a long-term impact on our society in a myriad of ways. The federal government has acknowledged the importance of public investment to protect children from poverty through the national child benefit supplement. That gets clawed back from the poorest of poor children. It's a travesty and it must be stopped. The federal government gives money to poor families to help with the expenses of raising their children. If a single mother has one child and is working and making \$25,000 a year, she gets several hundred dollars a month from the federal government to help her. If she loses her job and goes on social assistance, her income is going to drop to less than \$12,000 a year and the federal government money is going to be deducted from that \$12,000. It's absolutely outrageous and it must be stopped.

The other recommendation with respect to child poverty is that the amounts paid for back-to-school allowances and winter clothing allowances on social assistance should be increased.

Housing: Homelessness is increasing across the country. Reliance on emergency shelter has increased in Ontario to a frightening extent, particularly among families with children. This has been acknowledged by the Liberal government in opposition and during the election. You've made promises about going back into social housing, building subsidized housing, taking advantage of the federal money that the previous government didn't enter into an agreement for. We encourage you to do

everything you can to ensure that there is adequate affordable housing in the province so that people are able to have housing.

We have some recommendations with respect to the issue of violence against women which relate, again, to the cuts to social assistance. It's very difficult now for women fleeing violent relationships who have to rely on social assistance, because they don't get enough money to feed their children. So women are choosing—what choice?—to stay in a violent relationship. This is backed by all the research from the Ontario Association of Interval and Transition Houses. They report that 100% of their members felt that cuts to social assistance had a severe impact on their survival of abuse.

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An increase in social assistance rates is one recommendation with respect to that issue. Another is that women's centres and shelters should receive adequate long-term funding and that legal aid funding must be adequate to ensure that women leaving violent relationships are able to obtain competent legal advice and representation.

The last point that I'd like to raise is the fact that we can talk about specific situations where people in this province have died because of the low rates of social assistance. There have been a number of inquests in the past few years that have made recommendations with respect to raising the rates of social assistance to ensure that there's adequate social housing. The Kimberly Rogers inquest is just the most recent; it's not the only one. People are literally dying because they aren't receiving enough money and they aren't receiving enough government services, and that shouldn't be happening in one of the richest provinces of a country like Canada. It simply shouldn't be happening. So we would certainly recommend that the jury recommendations from inquests such as the Gillian Hadley inquest and the Kimberly Rogers inquest be implemented fully.

We recommend an increase in social assistance rates. It has to be more than just a 2% cost-of-living increase. That simply isn't going to be enough to avert the crisis. We ask that the committee advise the government to make investment in affordable housing a priority.

On the issue that has been on many people's minds in terms of revenue as opposed to expenditures, I would certainly endorse, as a taxpayer in Ontario, that I'm perfectly happy to pay a bit more in taxes so that there are adequate social services available to people who need them. I think that is the message the Liberal government should be getting from the results of the election in October: that people want adequate social services and public services in Ontario and if the one promise to not raise taxes has to be broken to keep the other numerous promises that were made, then so be it.

The budget process is about making adjustments and reallocating to accommodate priorities—and there are lots of other ways, and you have heard lots of other ways, of increasing revenue. There are over 350,000 corporations in the province of Ontario that haven't filed

income tax returns. If they owe only \$1,000, we're talking about hundreds of millions of dollars that would be available to provide services. There are lots of things that can be done in addition to or instead of tax increases. But if tax increases are necessary, then they're necessary.

The social cost of forcing families to live in overwhelming poverty is enormous in a whole range of other sectors. We ask that this committee recommend that the government take a long-term view in their budget deliberations and ensure that resources are provided for adequate income to poor Ontarians to ensure that affordable housing is available. We ask the committee to recommend to the government that it do so. Thank you,

The Chair: Thank you for your presentation. We have about two minutes per party, and we begin with the official opposition.

Mr O'Toole: Thank you for your very passionate presentation. I do respect that. Your commitment to vulnerable people in the general sense is quite obvious. I wouldn't say I'm totally different in any way at all. I always kind of think of government spending as a complicated function, but really about 85% of it is wages and benefits. When you pump money into the budget, you've got a whole bureaucracy of activities that are all done, paper etc, and it's no different in the social assistance arena. The number of people, caseworkers and all the stuff to get the money to the people is really the problem.

Ms Colquhoun: That's true. You know what? The cheapest way to run a social assistance program, as research has shown, is just to give cheques to people. One of the huge costs—the increases in the bureaucracy have been for the unnecessary policing of things, unnecessary documentary requirements. I've had clients come into my office who have been cut off social assistance because they don't have a birth certificate for their child. They've got their baby there in their arms but they don't have the piece of paper, so they get cut off social assistance. So they scrounge up the \$25 to get a birth certificate. And a photocopy is not good enough; you have to have the actual birth certificate. This takes a number of months. The program requirements are such that the caseworker can't not cut this person off. There's much less discretion allowed to the people who are trying to do this work. I agree that there could be much less bureaucracy and expensive policing kind of efforts in social assistance, and, instead of \$266 million going to Andersen Consulting for the computer system, the money can go to the poor people. That would be great.

The Chair: We'll move to Mr Hampton of the NDP.

Mr Hampton: They've changed their name now. They no longer call themselves Andersen Consulting. They call themselves Accenture. I think the reason they changed their name is because their reputation was catching up with their former name. I look forward to seeing the Liberal government terminate that lucrative consulting agreement with Accenture. I'll be one of the first people to stand up and cheer.

What I wanted to ask you is this: You do very good work with people in the Thunder Bay area who are

having a very tough time, and if there's one thing at the top of your list that you would ask of the new government that would be a real benefit to the people you work very hard for, what would it be?

Ms Colquhoun: The increase in rates in social assistance. I have another whole list.

Mr Hampton: I know that.

Ms Colquhoun: That's certainly not the only thing on the list, but that's the most critical issue right now for anybody on social assistance. I've been doing this work for a long time. There used to be quite a measure of satisfaction in helping somebody to resolve their problem, get their birth certificate and get them back on social assistance, knowing that they'd then be OK. That's not the case now. You get somebody on social assistance; that doesn't mean that they're OK. You still know that quite likely they're going to get evicted in a couple of months, because they're going to use some of their rent money to fix the refrigerator and they won't be able to catch up because there's absolutely—you can just barely get by month to month; often you can't. There's nothing there to get caught up from an unexpected expense.

The Chair: We'll move to the government.

Mr Peterson: This is the last presentation for us for the day, and thank you for reminding me personally why I went into politics and where I can make a difference.

I compliment you as a front-line worker and the work you're doing. Someone said that a society would be measured by how it looks after its disadvantaged and poor, and obviously we're not doing a good job. Thank you for your specific recommendations today. I'll look forward to dwelling on them on the plane as we go back to Toronto.

Ms Colquhoun: Thank you, Mr Peterson. You're right; we haven't been doing a good enough job in the last 10 years in Ontario and I look forward to the job being done better in the future.

The Chair: Thank you for your presentation.

Mr O'Toole: I have a point of order.

The Chair: No. vou-

Mr O'Toole: I have a point of order, please. Mr Chair, the speaker made reference to a report that was done by the Liberal government. I'm asking research or you to bring that report to the committee's attention and, furthermore, to ask what action the Liberal government took or did not take.

Ms Colquhoun: The Transitions report? Mr O'Toole: Yes, the Transitions report.

Ms Colquhoun: Great.
The Chair: We can do that.

Mr O'Toole: Thank you for that, Chair.

The Chair: Research will do that for the committee.

Mr Hudak had a motion.

Mr Hudak: I'm very pleased, in the two minutes allotted to me, to bring forward a motion based on the presentation from Fort Frances.

I move that the committee on finance and economic affairs recognize that the northern Ontario heritage fund is a vital instrument of economic development and job creation across the north; and that the committee recommend to the Minister of Finance that the current annual funding level of \$60 million be maintained or increased in the 2004-05 budget.

The Chair: Comments? You have two minutes.

Mr Hudak: Yes, I understand I have two minutes, based on the draconian motion that the Liberal government members forced through over the opposition. I'd like to note too that I was unable to comment on my colleague Mr Klees's motion because it was two minutes per table. I think Mr Klees had a very good motion. He's a former Minister of Tourism and Recreation. He dedicated a great deal of time in that portfolio and had some great ideas. I'm pleased to say on the record that I support that motion, since I could not under the rules that the Liberals have forced upon this committee.

Interjection: Shameful. Mr Hudak: It is shameful.

With respect to this motion, I think we all know that the northern Ontario heritage fund plays a very important role in the northern Ontario economy. I was pleased to be the Minister of Northern Development and Mines when this funding was increased and maintained through the Conservative government. A lot of Liberal members from the north, a couple of whom are here on the committee today, I expect would similarly speak in favour of this motion. This funding goes towards job creation, towards culture, towards tourism.

A program that I think we should send a very strong signal to the Minister of Finance and to Premier Dalton McGuinty—even though they promised to maintain that, I'm not sure I trust them and I think we need the committee to speak very strongly that this program, this funding, should be continued.

The Chair: Comment?

Mr Orazietti: As a northern member, I appreciate the efforts of some of the opposition members here today to suggest directions for this committee to take. There are a whole host of strategies that we need to review and implement as we move forward to help the economy in northern Ontario. We're going to do that at the appropriate time and I'm looking forward to that process during the report writing.

The Chair: This motion is postponed until report writing on March 10. This meeting is adjourned.

The committee adjourned at 1610.

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Monday 9 February 2004

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Monday 9 February 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Lundi 9 février 2004

The committee met at 0901 in Rock Haven Motel and Convention Centre, Peterborough.

PRE-BUDGET CONSULTATIONS

CITY OF PETERBOROUGH

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. The committee is pleased to be in Peterborough today. I would ask persons to turn off their electronic devices. I would call forward the city of Peterborough.

Ms Sylvia Sutherland: Thank you very much. I'll just turn off my electronic device here.

The Chair: You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes, if you so desire. If you would, please state your name for the purposes of our recording Hansard.

Ms Sutherland: My name is Sylvia Sutherland and I am mayor of the city of Peterborough. I first of all would like to welcome you to Peterborough. We are very pleased that you included this city in this particular round of committee hearings and I welcome you here on behalf of the community.

Just a few brief facts about Peterborough: We are a separated city within the county. We have a population of 74,000 people. We have a number of private households, 29,170. The median household income in Peterborough is \$40,668, and that compares to \$53,626 in Ontario. The percentage of population in Peterborough over the age of 55 is 27.1%; the Ontario average is 22%. So that gives you some picture of the city of Peterborough insofar as the concerns of this committee are related.

Fast facts about Peterborough: We are on the Trent-Severn waterway in the Kawartha Lakes tourism region. We are located within one hour of the GTA. We have six million people residing within a 200-mile radius of this community. We are home to many major industrial employers such as General Electric, Quaker Tropicana Gatorade, Sysco Food Services, Fisher Gauge and Siemens Milltronics. There has, however, been a reduction, as there has in many areas, particularly in this part of Ontario, in the industrial base in recent years.

When my husband and I first came to Peterborough in 1967, there were 5,000-plus people employed at General Electric. There are now roughly in the area of 1,000.

Outboard Marine was operating, it is no longer; Westclox was operating, it is no longer; Alpha Laval was operating, it is no longer. However, exciting things are happening here and we are in the process of developing a DNA cluster, which could mean an exciting future for Peterborough in that area.

We would like to acknowledge the help that the province has given us in 2003 and announced in 2004. The province has given us \$200,000 for the DNA cluster; a \$150,000 grant toward tourism; various business plans of the Greater Peterborough Area Economic Development Corp to the tune of \$139,000; \$270,000 toward the waste diversion program; an OIMFA loan of \$8.275 million. A new regional health centre is being built here, and that was certainly with the help of the province. There has been a recent elimination of the lifetime ban for Ontario Works clients who have committed fraud, and we appreciate that. The Ontario transit renewal program is providing up to one third of bus replacement costs, and we appreciate that. There is a commitment stated by this government for a new deal for municipalities. We appreciate the words and we look forward indeed to the action.

Why do Canadian municipalities need a new deal? I am sure you have heard this in every community to which you have travelled. It is perhaps repeated if only to make sure that it is heard. There is a growing gap between the services we must deliver and what we can afford. It is not the "nice to have" services, but the essential services, those services that are essential to the health and safety of our citizens or essential because they are mandated by the provincial government. It is a struggle to provide any enhanced local services within the financial pressures that are provided by the mandated ones. We no longer, in fact, control our own municipal agenda. I've been mayor long enough to remember when we could control our municipal agenda, certainly to a greater extent than we do now.

Municipalities cannot incur operational deficits. I can remember a number of years ago, back in the 1980s, when the Treasurer of Ontario told us we had a lot more room in which we could borrow. We don't think it is necessarily a healthy situation to go to the limit of your borrowing capacity. It certainly isn't, and it was a rather astounding statement by the Treasurer of the day, who shall remain nameless.

There is an infrastructure deficit that is growing and continues to grow yearly. The city of Peterborough's

capital repaving program, for example, in 2003 was set at \$1 million. This level of funding will provide resurfacing for 3% of the city's total road surface inventory. At this rate, in 33 years the city will repave all its roads. However, resurfacing only extends the performance of a road by eight to 12 years.

The city of Peterborough's capital sidewalk reconstruction program in 2003 was set at \$800,000. This level of funding will provide resurfacing for 1.3% of the city's total sidewalk inventory. This requires sidewalks to last a period of 75 years and, indeed, we have some in the city that are that old. However, the demonstrated performance of a sidewalk is 50 years.

The city of Peterborough's transit fleet—you may not have this slide—includes 19 vehicles, or 56% of the total of 34 buses, that have exceeded their useful life of 18 years. The plan is to improve the transit system, and we do plan to do that, and to increase ridership, and we wish to do that, but it is difficult because we have limited resources. The same replacement and maintenance concerns exist for the city's bridge and sanitary and storm sewer inventory. The capital requirements continue to exceed the available capital financing by \$18 million and \$14 million in 2003 and 2004 respectively. So our unfunded liability in our infrastructure continues to grow.

Local services realignment was, as you know, introduced in 1997. It was a swap of services and funding and it grew primarily out of, I believe, the Crombie report on Who Does What. Concerns were raised of income distribution programs being funded from property tax bases. In fact, the government of the day effectively turned what David Crombie recommended on its head. The very services that he suggested should not be downloaded, such as social housing, were indeed downloaded. I think the government would do well to revisit what the Crombie report said at that time.

There are some downloaded services which the municipalities administer, for example housing and others, for which we pay, and others for which we pay but do not administer, such as ODSP. This was intended to be revenue-neutral. Any mayor of any municipality in this province can tell you, it was not revenue-neutral. Costs continue to rise, as shown on the next chart. What the chart tells you, in effect, is that roughly 40%, if you look at the figures—I won't go over the chart carefully now, you can read it—of the gross budget, 39.7%, I think it is, is tied up in downloaded services with standards set by the province. Indeed, this has been tougher on municipalities that have been prudent and responsible than on those that weren't.

For 2004, the city's costs have increased \$2 million, while the offsetting CRF funding has increased \$650,000. So we continue to fall further behind. For administrative costs that are cost-shared with the province, the province has set caps. Once service delivery is at the local level, there is community pressure to improve the service, such as land ambulance response times, and pressure to provide more affordable housing. If the province decides to increase the ODSP/OW client rates, the municipal share

also increases. In fact, the province, by putting on artificial caps, increases the local share.

0910

Let's move to police. In 1997, amendments to the Police Services Act were introduced. In 1999, the adequacy and effectiveness standards regulation was filed. Together, these two new initiatives ensure that policing is adequate, effective and includes minimum core competencies in the areas of crime prevention, law enforcement, victim assistance, public order maintenance, emergency response and court security. Meeting these standards requires a total of 14 additional full-time equivalents.

Water sewage treatment responsibilities: Since Walkerton, new obligations and responsibilities are there, as perhaps well they should be. The Nutrient Management Act, 2001, will significantly impact the biosolids program, which is the residual material produced during the water treatment process. Bill 175, the Sustainable Water and Sewage Systems Act, is expected to impose a full cost recovery funding model for waste water sanitary services.

Electricity Pricing, Conservation and Supply Act: The electric utility restructuring provided a return of \$4.1 million on the city-held investment within the established legislation. Then Bill 210 imposed a rate freeze and limited available returns.

However, the proposed Ontario Energy Board Amendment Act, 2003, and the electricity conservation and supply task force report indicate a change in focus to, among other things: encourage conservation, attract new sources of supply, protect consumers from price volatility, and remove the current 4.3-cent price freeze. I think, generally speaking, municipalities are happy to see this happen.

There are other pressures. You'll hear later today, I'm sure, about the doctor shortage in this community. We have at least 20,000—and I am told by a family physician it is upwards of 25,000—people in Peterborough who are without a family doctor. We have a potential of that increasing far more, in fact, due to retirements. Many of our doctors are aging—as the rest of our population is; indeed, we are all aging—and transferring their services to the new regional hospital.

Extending, among the other pressures—and you'll hear more about that; it's a serious problem in this community, as it is in many others—Highway 407 is important for transportation issues related to the GTA. We need the province to assist with annexation issues so the city and the region can continue to grow. That in itself is becoming a major issue here in Peterborough. There's no mechanism right now to do that, and that is the problem.

The need for commercial and industrial growth to assist in financing the city services: We need that. We would like to see plans move ahead for extending GO Transit to Peterborough. We were excited a year or so back when there was a promised bus link with the GO in Oshawa. That hasn't been realized yet, and we would like to see that as a beginning. Many of us, including our own member, I'm sure, would love to see the train he used to

take, which was a VIA train, return in some form or another to Peterborough, wouldn't you, Jeff?

Mr Jeff Leal (Peterborough): I love trains. Ms Sutherland: You love trains. We all do.

So far as the ability to raise additional revenues, that's limited on municipalities. As shown in the next pie chart, 56% of the city of Peterborough's revenue is from municipal taxes and the sewer surcharge. As seen earlier, 27% of the population is older than 55, many with fixed incomes, and there is enormous pressure against any kind of tax increase. Those of you who have been municipal politicians certainly understand that. Another 24% is from the province, through CRF and specific program funding. The city has little ability to generate adequate revenues to offset increased costs.

The Minister of Finance recently announced an intention to review the property tax assessment system. General reassessments are creating undue burdens on some property owners. Tax burdens are no longer based on municipal tax rate changes only, as unrealized gains through artificial assessment increases also impact the individual property tax requirements.

Capping calculations on multi-residential, commercial and industrial classes mean that (1) similar valued properties pay different taxes, and (2) some properties within a class have their decrease clawed back to fund the cap. I suggest perhaps you might abandon the cap. The main source of municipal revenue in the new system was supposed to be fairer, clearer and simpler, but quite frankly, nobody understands it. I could ask any of you in this room what your municipal taxes are and most of you can probably tell me. But if I ask you what your provincial taxes are, I doubt whether any of you can tell me. Everybody knows their municipal tax rate.

In all of this, I urge the government not to forget the smaller municipalities. We hear a great deal from the large municipalities; however, the reality is that we face the same problems. The numbers may be different, but the problems are there for small as well as large municipalities and we're concerned that we may get left out due to the assistance being given to larger areas, such as the \$3.5 million to the city of Toronto to help reduce homelessness and provide more affordable housing. I can take you uptown in Peterborough and show you the homeless. We are trying very hard in this community in an imaginative way to deal with the issues of affordable housing, but we simply don't have the resources to do it, any more than the city of Toronto does.

The city of Toronto got \$62.3 million for the TTC. We are trying, as I mentioned earlier, to increase our ridership, to build a public transit system here that will decrease the need for roads and will help in many other areas, such as the provision of parking in the core. The city of Toronto is asking the province for a \$120-million down payment on future gasoline tax revenues. The city of Toronto is important to us all and has definite needs. However, so does every municipality in this province.

While many provincial initiatives were intended to simplify and clarify roles, the reality is that provincial initiatives control the level of services we must provide, but the municipality pays for these. The municipalities want influence and accountability for their own futures.

The province now recognizes the need for a new deal for municipalities, but it's clearly limited in its own financial situation. The federal government recognizes the need to deal with municipalities and has already announced—in fact, a week ago today—that there would be a complete GST rebate effective February 1, 2004. Now just as an aside, I remind you that you have a PST, and it would be very nice to see that rebated. The province needs to participate in the development of the new deal with municipalities and the federal government. It has to be a three-way negotiation. Whatever support is given from the federal government cannot be taken away by the province if it's to be effective. The province of New Brunswick has already, in expectation of the gas tax revenue from the federal government, reduced its grants to municipalities by 10%. We don't want to see that. That cannot happen here. The province of New Brunswick is effectively negating the so-called new deal.

The new deal should include recognition that municipalities are an equal partner and a legitimate level of government. We are no longer, as we were under the Baldwin Act, to be classified with asylums and women. That in fact remained in place until the last government brought in a long-overdue new Municipal Act. But that's where we were.

Stable, predictable and sustainable revenue: We need that. A mix of unconditional funding to allow municipalities to be accountable for their unique community needs: Every municipality has somewhat different needs, as well as the common needs; and capital or specific program funding to ensure certain coordination across municipalities.

We are now on your radar screen and we are now on the radar screen of the federal government. I do know that, for example, the mayors in eastern Ontario recently got together and formed a group, which is chaired by Mayor Rosen of Kingston, and I am the vice-chair, to make sure that eastern Ontario is not left out of this. We are on your radar screen and it's our intention to stay there

I really do appreciate the opportunity to bring some of these concerns to you. I know they are not new concerns, but the very fact that you have heard them probably in every place you have stopped indicates that they are very real concerns.

I would be happy to attempt to answer any questions. I have with me our manager of finance, Mrs Sandra Clancy, who I'm sure could amplify any of my responses. Thank you very much for your courtesy.

The Chair: Thank you. We only have time for one question. It'll go to the official opposition.

Ms Sutherland: Mr Flaherty, welcome back.

Mr Jim Flaherty (Whitby-Ajax): It's nice to be back, Your Worship. Nice to see you again. Congratul₁ ations on the DNA cluster, which is very forward-looking

and was advocated by Gary Stewart, the former MPP here. I'm glad it was accomplished.

Ms Sutherland: It's in the process of being accomplished. It doesn't happen overnight.

0920

Mr Flaherty: You got a start with the funding. I know about the clusters and you know about the work that has been done in economic development by the committee on productivity and competitiveness headed up by Roger Martin at the University of Toronto. It's very important that we develop those clusters in innovation.

I agree with you and I agree with your comments, of course, about the 407 east and the expansion of GO rail service from Peterborough through beautiful Myrtle station in north Whitby and so on.

I do want to ask you, though, about the big picture and funding. The federal, provincial and municipal government levels—what is the percentage of your budget that is going toward wages, salaries and benefits?

Ms Sutherland: It depends on the division. I know in the police department, it is 90-odd per cent. Sandra, do you have a round figure on that?

Ms Sandra Clancy: I don't know.

Ms Sutherland: It would be roughly 80% because some are more wage-driven than others. We have very little wiggle room.

Mr Flaherty: We don't have much time, and the Chairman's made that clear. The nub of the problem is—and there's only one taxpayer in this country, no matter whether one lives in Peterborough, Thunder Bay or wherever—we're all municipal taxpayers and provincial taxpayers and federal taxpayers. Unless there is restraint in the wage demands that are made in the public sector and the broader public sector—and the government has pointed that out in this document they've published that talks about restraint—then we will have more money spent but we will not have more services for people. My question to you is, are the folks in Peterborough that you're responsible for employing through the municipal corporation addressing that issue?

Ms Sutherland: We are attempting to address that issue as best we can. However, we recently had a settlement with the police department. That settlement was driven by the settlement the provincial government had made with the OPP. We are not the only level of government, with all due respect, that has to show restraint, and we certainly are attempting to do that.

I can remember a number of years ago, under an earlier Liberal government in fact, where we went to arbitration with our fire department and we ended up with an 18% increase as a result of going to arbitration.

I will argue, sir, that the best bang you get for your tax dollar, you get at the municipal level. But that OPP settlement was again indicative that we don't necessarily control our own agendas.

The Chair: Thank you for your presentation this morning.

ONTARIO FEDERATION OF SNOWMOBILE CLUBS

The Chair: I would call on the Ontario Federation of Snowmobile Clubs to come forward, please. Good morning.

I want to make an announcement for those who are in the room that there are interpretation devices available, if you require them. Please see a staff member and they will provide those for you.

Good morning, gentlemen. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. Please state your names for the recording of Hansard.

Mr Paul Shaughnessy: Good morning. My name is Paul Shaughnessy and I am the general manager of the Ontario Federation of Snowmobile Clubs.

Mr Ron Purchase: I'm Ron Purchase. I'm the senior policy analyst for the Ontario Federation of Snowmobile Clubs.

Mr Shaughnessy: Behind me to my right is Tim West, who is the manager of external relations for the OFSC.

First off, I'd like to extend greetings on behalf of the executive and the board of governors of the Ontario Federation of Snowmobile Clubs. To the Chair and to the committee, we thank you for the opportunity to meet with you today to discuss the sport of snowmobiling. The OFSC maintains a strong relationship with the Ministry of Finance and other key Ontario ministries, which is why we believe it's important that we update the government on the issues that are facing our sport today.

First, a little bit of background on who we are. The OFSC is a not-for-profit, volunteer-driven organization. As a coordinating body for organized snowmobiling in Ontario, the OFSC provides advice and guidance to our 260 member clubs on a broad range of topics to ensure provincial objectives are met.

Activities that the OFSC handles at the provincial level include planning of our trans-Ontario provincial trail network, safety programs, environment, insurance, guidelines and our user-pay trail system. The federation maintains an office in Barrie, where key volunteers interact with our staff on a daily basis. Over 6,500 active volunteers operate our clubs and our trail system across Ontario. Our 260 clubs maintain 43,000 audited kilometres of snowmobile trails, a number which, by the way, is larger than the kilometres of highways in the province. Each year over 15,800 landowners generously provide our clubs with permission to run snowmobile trails on their property.

We operate following a user-pay system, whereby a fee is charged for a trail permit for the machines. Last year a total of 115,000-plus full-season and visitor trail permits were sold across the province. These permitted machines were used by over 181,000 OFSC family snowmobilers.

Using the Conference Board of Canada's team model, the total estimated economic activity created by snow-

mobiling during the 1996-97 season exceeded \$1 billion. Provincial sales tax alone is estimated at \$73 million as a result of this activity.

There are a number of key issues impacting us today, and Ron Purchase will expand on a few of those.

Mr Purchase: Good morning, everyone. We've given you a document that highlights 10 of the issues and opportunities that face organized snowmobiling. For each one, we've told you what the issue is from our point of view, a bit of background on that issue and then we've gone on to say what organized snowmobiling is doing to address each one of those issues, and then some things where government, as our partner in delivering organized snowmobiling in the province, can be helpful in each one of those issues and opportunity areas.

There are 10 of them in the document: (1) trail liability insurance; (2) the personal insurance our members must have; (3) overall sustainability of the network; (4) tourism development; (5) land use securement to operate our trails on; (6) very important to us is trail safety; as is (7) environment; (8) the legislation and policy that are important to organized snowmobiling; (9) volunteers who make all of the trails happen in Ontario; and (10) other users out there. Trail interest is growing substantially. Snowmobiling is not the only trail interest group out there, and we need to think about those.

I'd like to be sure we've left adequate time for questions because I think that's the best use of our time here in these 20 minutes. The document does overlay all the issues for you and give you a good sense of it. There are three I'd like to touch on and be sure there's some understanding of with the committee today. That really is the first three, the first two being related to insurance.

The number one issue in the document is trail liability insurance for our members. We represent pretty close to 200,000 family members in Ontario. Those snowmobiles that they operate are insured just as if they were cars; it is an automotive insurance policy. So they are caught in some of the concerns involved with car insurance and some others unique to snowmobiling in that many of our members either have a difficult time finding any coverage for their snowmobiles or it's gone up considerably in price. Because it's a recreation, it's a discretionary cost. Our concern, of course, is that the overall cost of participation, which includes insurance, will get beyond the reach of the average family in Ontario. Snowmobiling is very much about families. If we make it unaffordable for families to participate, that's a concern, and it's a concern in that it threatens the billion-dollar economic impact that snowmobiling makes to this province, especially in northern Ontario.

A second issue is also about insurance. It's different from the first, which is the insurance for snowmobiles themselves, but it definitely has some relationship to it. It's the insurance coverage for our trails themselves. The trail coverage has gone up in price by better than 1,000%. For organized snowmobiling that's meant that where we had been covering our trails for liability coverage only a few years ago at around \$380,000 for the province, our

total insurance coverage costs are going to be \$4 million this year. That's a staggering increase. It's only because we are a mature organization that we could deal with it at all, but it's not sustainable.

0930

The good news is that there are resolutions for both of those issues. It requires a partnership of organized snow-mobiling and the insurance industry and, of course, government. A lot of them deal with some changes in legislation and regulation that are necessary to provide some protection against liability for those volunteers who are out there delivering the trails for us.

We're very pleased that we've had some early success in getting some attention on the personal lines issue. We've already met with the Ministry of Tourism and the Insurance Bureau of Canada. Again, we see a lot of the resolution coming back to some legislation and public policy changes that are necessary. So those are the first two issues dealing with insurances.

The third one is overall economic sustainability for the sport of organized snowmobiling. We know what snowmobiling means to the province and to all the small businesses across the snowbelt of Ontario, which are doing good business in the wintertime as our snowmobilers move through their communities, consuming meals and using hotel rooms and gas stations and all of those good things. I know the people in this room certainly understand and appreciate that.

It takes better than \$20 million a year to operate those trails. It's the largest integrated, connected trail system in the world. It's truly world-class in terms of a tourism product that's been built, and sustaining it is an expensive proposition. The primary funding for our trail network is the trail permits we sell to people to use the trails. There's some other fundraising that the OFSC does, and there's a substantial investment from the government right now through a program called TSS, which will put \$4 million into the operating of trails this year out of that total \$22 million that it takes. That program is over next year. We're concerned that a replacement be put in place. We need sustainable contributions to the organized snowmobile trail network in the name of the tourism potential that it has and brings to the province.

Snowmobiling is very much about recreation. The 260 clubs across the province are primarily recreational. They're working hard to provide a recreational opportunity, but a tourism industry has really been built on top of that local recreational activity. We need resources to be sure that everything stays connected and that when we attract riders from Ontario and North America to enjoy the long-distance trips we can have, those connections are all in place.

Those were the three issues I wanted to be sure were highlighted; there are a number of others in the document that we provided information on. I think we're best served now if we ask if you have some questions.

The Chair: Thank you. We have about three minutes per party, and we'll begin this round of questioning with Mr Prue of the NDP.

Mr Michael Prue (Beaches-East York): Thank you very much. First of all, with insurance: Do you have any figures on insurance rates for snowmobiles in Ontario versus snowmobile insurance rates in other provinces? Are we kind of high?

Mr Shaughnessy: The insurance regulations vary from province to province, so if you do a comparison with another province, you also have to look at whatever scenario they're operating under. For example, Quebec's rates tend to be lower than Ontario's rates, but then Quebec's funding and how they deal with accident benefits is different from how we deal with it in Ontario. So it does vary. You're referring to personal lines I take it?

Mr Prue: Yes.

Mr Shaughnessy: Personal insurance does vary from province to province. We are certainly feeling a noticeable impact in Ontario over the last couple of years, but there are other provinces that are experiencing the same situation.

Mr Prue: Car insurance in Ontario tends to be the highest of all the provinces, and certainly much higher than where public auto insurance has been instituted, mostly in the western provinces. Is insurance on snow-mobiles in those western provinces—BC, Saskatchewan, Manitoba—covered by the public system or is this a separate thing? I have no idea.

Mr Shaughnessy: We represent the Ontario Federation of Snowmobile Clubs, so I'm not well versed on the insurance coverage in all the other provinces across Canada. There are similarities in some provinces, but there are also differences.

Mr Prue: OK. I'm loath to ask, but I think that might be good information for the committee to have.

If I've still got some time, I wanted to ask about enforcement on the trails. That is one thing I think the government can do. How many people are out enforcing the trails in Ontario today?

Mr Shaughnessy: Enforcement on the trails is governed by a number of law enforcement agencies. Perhaps the most evident would be the Ontario Provincial Police. In addition, the OFSC has a volunteer-driven program called STOP, the snowmobile trail officer patrol, where we actually have volunteers who are sworn special constables. They're trained by law enforcement agencies, and they are empowered to enforce the Motorized Snow Vehicles Act. It has been a very successful partnership that certainly has resulted in increased enforcement on snowmobile trails.

Mr Prue: And how much money would you need from government to make that a system that you think would be totally adequate?

Mr Shaughnessy: Right now, the volunteer side is entirely funded by the OFSC as far as the cost of equipping and training these officers, other than the formal training they receive from the law enforcement agencies. So at this point in time, due to our limited resources, we're limited in terms of the number of officers we can train each year.

The Chair: Thank you. We'll move to the government

Mr Leal: I've talked to a number of people, because in this riding there's lots of snowmobile activity. Could you tell me what the accident rate is for the number of snowmobiles in Ontario? I've been told by some people in the insurance industry—their information is that snowmobiling now has become high-risk, similar to personal watercraft vehicles like the Sea-Doo. Could you just shed some light on that in terms of the accident rate?

Mr Purchase: In terms of the actual accident rate, I don't think we have good information on that. The reporting systems don't tend to be there. We can track, with some reliability, fatalities. We know very clearly that safety in fact is a good-news story as it relates to snowmobiling. Snowmobiling over the last 10 years has grown enormously. It has been growing at 5% and 10% every year, and yet the fatality rate, although it's higher than any of us wants it to be, is not following that growth rate upwards but is sitting relatively constant. So by any fair analysis, the safety record of snowmobiling is improving and getting better.

Having said that, with probably 30 deaths in the province this year as reasonably predictable, there's lots to do. The OFSC is working very hard on a three-pronged strategy of making sure the legislation is appropriate, that there is enforcement and that there are public education programs in place.

Mr Shaughnessy: Statistically, approximately 80% of fatalities in Ontario take place off OFSC trails, as opposed to on trail.

The Chair: Thank you. We'll move to the official opposition.

Mr John O'Toole (Durham): Thank you very much for your presentation. I certainly bring greetings from Joe Spina, who is a great supporter of trying to find sustainability in snowmobiles. I also commend you on your more recent campaign, SOS, the program Save Ontario Snowmobiling. Obviously, you've brought a lot of the issues to our attention prior to the meeting this morning. This does provide a lot of background.

My riding is Durham. In Durham, I have four or five clubs that are very active and integrated into the trail system, so I'm very familiar with the STOP program and the clubs and know how important it is for the tourism reasons you've mentioned. That really is important. When we were in northern Ontario last week, in Timmins, I was talking to a group of people there who certainly see it as part of their economy during the winter; there's no question about that.

A couple of questions Mr Prue asked really were very important. I would suspect that looking for a sustainable solution on the insurance side, specifically the liability side—I'm familiar with the number of different types of agreements you have with landowners. What could the government do, or what could you do, to reduce this liability issue? That's the issue of this whole thing, for the reasons Mr Leal and others said, that there's this impression that the industry, beyond its recreational value, is a bit of a safety thing.

Of course, you've got to remember I'm from Port Perry. They have at least one or two or three go through Lake Scugog every year, and it's a huge, huge issue. Is there anything that can be done to limit the liability or the exposure? Are the landowners willing to sign off on degrees of liability?

0940

Mr Purchase: We certainly protect our landowners and our volunteers very well with insurance products, which have got very difficult to pay for but are still well in place. The really short answer to that is a very clear answer in terms of legislation. We know other jurisdictions out there have legislation in place that specifically shields the volunteers who do trail maintenance and work from unreasonable levels of liability. Of course, if somebody does something that is truly negligent, then they should be accountable for it, but the reality is, the thing that strikes us when we look at what we're challenged for and what people make claims against us for is that we really haven't done anything wrong. It's eight years out from an incident; it's very difficult to provide the kinds of proof it takes. There are in fact good models and good legislation in other jurisdictions that could find their way into Ontario.

Mr O'Toole: Have you brought this to the attention of Minister Bradley? It's critical that you work quickly, because this is the government now. They are actually in charge of looking at those specific regulations that they need to implement and act on to save the industry. That's the essence of why you're here today, because really there won't be more money, outside of partnership money. We need to look at the insurance cost drivers, and that's the liability issue. You're saying other jurisdictions have it? Make sure we know specifically the regulations and I can assure you, if you get it to me or to any member of the committee, we'll get it to Minister Bradley, because I know he's interested in solving the problem.

The Chair: Thank you for your presentation this morning.

SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 183

The Chair: I call on the Service Employees International Union, local 183. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you wish. I'd ask you to identify yourselves for the purposes of our recording of Hansard.

Ms Barb Gannon: My name is Barb Gannon. I am the president of the Service Employees International Union, local 183. I have with me Linda Mackenzie-Nicholas, who is with SEIU Canada and holds the education and political portfolio.

Good morning, and thank you for the opportunity to appear before the finance and economic affairs committee. Today I'm speaking on behalf of SEIU, local l.on, a newly established SEIU local which represents

over 40,000 members across Ontario, including local 183.

Our members work predominantly in health care and long-term care, as registered practical nurses and health care aides, laundry workers, activity aides, dietary staff and medical clerical staff. They work in nursing homes, home care agencies, hospitals, retirement homes, children's support services and community living associations.

SEIU, local 1.on members are proud of their work. Our health care workers are committed to the patients and families they serve. They are on the front lines every day caring for our loved ones, our seniors and our disabled.

The majority of those members are women, and many are forced to work two or more part-time jobs to make ends meet. The choices this government makes about the deficit profoundly affect these women workers and their families.

I am here today to deliver two messages to the committee: first, that the underlying cause of the deficit is a revenue-generating problem, not an expenditure problem; second, that the real crisis in Ontario is the state of our public services, not a financial crisis.

Ordinary Ontarians, including our 40,000 members, are willing to pay their fair share of taxes to restore our public services if the government is willing to close corporate tax loopholes, end exemptions from the employer health tax and roll back a small portion of the Tory tax cuts. SEIU Local 1.on is asking the government to keep its eye on the ball and restore our public services, not simply focus on the deficit alone.

Background: Last fall, the voters of Ontario gave the Liberals a mandate to restore our public services and end years of privatization and cuts to health and long-term care, education and social services. The previous Tory government decimated our public services, and there is simply no more room for cuts.

The new government promised an investment of \$5.9 billion to renew public services, while maintaining tax cuts. The government also faces a deficit of \$5.6 billion from fiscal year 2003-04. Clearly, the government cannot keep all of its promises.

Over the past few months, our union members have expressed their concern and dismay that the Liberal government appears to be repeating the Tory agenda. The government appears to be positioning itself to focus on deficit reduction, privatization and tax cuts at the expense of their promises to rebuild and protect Ontario's public services. These deficit hearings are proof of that focus.

The deficit is not the real crisis. SEIU Local 1.on supports the recommendations contained in the Ontario Alternative Budget 2004 Technical Paper #1 by Hugh Mackenzie as a way to sensibly reduce the deficit by strengthening the current tax system and generating very modest new taxes.

The solutions proposed in the report reveal that the fiscal problem is one of low revenue generation, not excessive expenditures. The province has lost roughly

\$14 billion of annual revenue since 1996 from tax cuts. Expenditures are at a record low level. Corporate tax loopholes cost Ontarians over \$1 billion each year in revenue. Exemptions from the employer health tax cost another \$1.1 billion.

The solutions proposed in the OAB 2004 Technical Paper #1 offer ways to bolster revenue by restoring lost tax income. Everyone must pay their fair share of taxes. To this end, SEIU Local 1.on supports the OAB's recommendation for a modest tax rate increase of 2% to generate an additional \$1.25 billion in 2004-05. This is a fair tax, with median-income earners paying roughly \$60 per year.

SEIU Local 1.on supports these recommendations as sensible steps to reducing the deficit and eliminating it within the current four-year term. Clearly, the deficit is not the real crisis facing Ontarians. The real crisis is the

state of our public services.

Public services—the real crisis: SEIU members work on the front lines of our public service, and they see the effects of years of cuts and privatization to the health and long-term-care sectors on our frail elderly, the sick and disabled, and their families. As working families, they know first-hand the impact of cuts to our education system. Our members see homelessness increasing across the province because cuts to our social services have put more and more families out on the street.

The past eight years have taught us many valuable lessons about the dangers of cutbacks and privatization on our health and long-term-care sector. What we've learned is that our public health care dollars should not be wasted on corporate profits and duplication of services. Privatization and needless restructuring have not saved money in health care. Millions of dollars have been wasted. Here are a few examples.

Home care: Since 1996, Ontario's home care services have been privatized through the introduction of a managed competition model which has wiped out many nonprofit providers. According to the Ontario Health Coalition, recent estimates show that \$42 million per year of public health care dollars is paid out in profits to owners and shareholders of these private companies.

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The managed competition model is unsustainable not only because it drains public tax monies into profit, but it also duplicates many services through the current CCAC structure. There are 43 community care access centres which oversee the provider agencies for the delivery of home care.

Not only do each of these 43 CCACs have an entire administration of managers, payroll, patient records and employee records, but so do each of the private corporations providing these services. This is a huge drain on our medicare system. In eastern Ontario, the Ottawa CCAC has documented that the managed competition model has cost an additional \$500,000 per year over previous years when it directly employed therapists and home care workers.

Privatization of Ontario's home care system has also caused enormous instability in its workforce. Wages have

been frozen to protect the profit margin. Staff turnover is as high as 60%, since many home care workers are forced to find stable employment in nursing or retirement homes.

There is no longer any public information about home care agency contracts with CCACs. The Ontario Ministry of Health will not disclose any service contracts because it could damage the commercial interest of the home care agencies contracted. Transparency and accountability must be restored to our home care services.

Cuts to other areas of our health care system have directly affected traditional home care clients who can no longer receive the care they need. Since the mid-1990s. 5,900 hospital beds remain closed. Patients are being released from hospital earlier and sicker and receive home care services as a cheaper alternative to a lengthier hospital stay.

Roughly 75% of home care services are being directed to hospital discharges. This prohibits access for our frail seniors, the disabled and other clients who may be forced into institutions when they previously could have remained in their homes with these supportive services.

Nursing homes: No publicly funded health care sector needs more public scrutiny and accountability than does the nursing home sector. The recent Toronto Star series and last week's W-FIVE documentary show the neglect our seniors suffer because there is no standard of care and virtually no accountability for nursing home owners.

In 1996 the Harris government eliminated the mandatory 2.2 hours of care per day for long-term-care residents. Since then, SEIU has lobbied the government to restore a minimum standard of care for residents of long-term care facilities, and increase the nursing home hours of care up to 3.5 hours per patient per day.

Many of our members working in long-term-care facilities have told me they are now doing the jobs of two or three people. When a registered practical nurse is responsible for the care of more than 50 residents in a 7.5-hour workday, it is clear that nursing home residents are not getting the care they need or deserve.

In 2001, a PricewaterhouseCoopers study showed the direct connection between staffing levels in long-termcare facilities and the quality of care residents receive.

Public health care dollars are being plowed into corporate profits in nursing homes. Last year the CEO of Extendicare was quoted in the Toronto Star as attributing Extendicare's record profits in Ontario directly to the funding increases provided by the government. Public health care dollars are not being spent on patient care.

New regulations to force nursing homes to spend their funding on care through minimum staffing levels and improved inspection and enforcement regimes are desperately needed to protect staff and residents to ensure efficient use of our public health care dollars.

Disabled community living and supportive housing: The Ontario disability support program payments have not increased since 1995. The disabled who live in community living settings or supportive housing receive a maximum of \$930 per month for a single person and

\$1,417 for a family of two. Because these support payments have been frozen, so too have the wages of the support workers who care for these people. Agencies have a difficult time reconciling the static income base with increased expenses and wage demands.

North Yorkers for Disabled Persons, a non-profit home in Toronto for people with physical and communication disabilities, has seen less than a 3% budget increase over the last 12 years. Operating expenses continue to rice

Additional funding is essential if this vital service is to continue. The developmentally disabled are among our most vulnerable members of society, and if the Ontario government really cares about their needs, funding levels must be increased and indexed to the consumer price index.

Hospital restructuring: In the mid-1990s approximately \$800 million was cut from hospital budgets, with little warning and inadequate planning. Funding instability has caused deep cuts to services and, along with restructuring, has created severe inefficiencies and redirection of precious resources from patient care to administration, capital costs and consulting fees. Nonmonetary costs, such as demoralized staff, increased stress, workplace injury and staffing shortages, are increasing. Our members report that they are doing the work that would previously have been done in two or three jobs. Insecure budgets have resulted in fewer full-time, secure jobs and a higher turnover of hospital staff.

We were told the restructuring was necessary to cut costs. Those savings never materialized. Hundreds of millions of dollars were spent on consultants and restructuring to reduce patient length of stay, lay off staff and close hospital beds. The system was spiralling into crisis, forcing re-funding of hospitals. Millions more were spent hiring staff back and reopening beds. Access to beds, however, has not improved and 5,900 beds remain closed.

Privatization through P3 hospitals: Under Canada's medicare system, hospitals and hospital services are paid for from the public purse regardless of their financing and ownership regimes. In our publicly funded health care, the real question isn't who pays but rather how much it costs. There is simply no justification for paying the additional costs associated with the so-called public-private partnership, or P3, model.

The evidence that P3 hospitals cost more is overwhelming. Following the same model as the privatization in Britain, termed PFI—private finance initiative—Ontario's P3 hospitals are already showing a cost increase from initial projections. In Brampton, capital costs alone have increased from a projected \$300 million to over \$350 million. Our members in the medical clerical unit at the Brampton hospital sites are watching anxiously as the costs of the proposed P3 hospital rise. In Ottawa, costs are up from an original cap at \$100 million to over \$125 million.

The Enron-style accounting for these P3 schemes has been criticized by Auditors General in the UK, Scotland, New Brunswick, PEI and Nova Scotia. They all note that the public gets stuck with higher costs and the majority of the risk. Our public health care dollars should benefit the patients and families, not private consortiums seeking greater profits.

In Britain, where the world's most extensive experiment with the hospitals is underway, the British Association of Chartered Certified Accountants found that their members think P3s are such poor value for money that they should not be used in public sector investment.

Many finance professionals have real concerns over the cost, bureaucracy, the time taken to build the P3 hospitals and the long-term revenue commitments involved. Costs for consultants ran over \$110 million alone in the first 18 British P3 hospitals built. Transparency and accountability are lost with these secret deals, and the government has broken another promise by not releasing the contracts for the Brampton and Ottawa P3 hospitals. With a potential for six more P3 hospitals slated to be built in Ontario, it is imperative that the government stop these secret deals and revert to public finance and control over our hospitals.

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Privatization of labs: Another area of privatization is Ontario's laboratory system. Three major labs own 90% of the market in the province and costs are capped at roughly \$450 million per year.

The Chair: I want to remind you that you have about two minutes left in your presentation. Please continue.

Ms Gannon: The deficit can be resolved through the steps outlined by the Ontario alternative budget as ordinary Ontarians are willing to pay our fair share of taxes if the government closes tax loopholes for corporations, partly rolls back tax cuts and eliminates exemptions from the employer health tax. The underlying problem is one of revenue generation, not expenditure.

SEIU asks the government to fulfill the mandate it received from voters by rebuilding Ontario's public services. There has been enormous disruption and waste in Ontario's health and long-term-care sector by expanding privatization, hospital restructuring, the introduction of P3 hospitals and managed competition in home care. The true crisis in Ontario is not the deficit; it is the state of our health, education and social services.

Thank you for your time.

The Chair: We don't have time for questions, but the committee appreciates your presentation this morning. Thank you very much.

PETERBOROUGH COUNTY MEDICAL SOCIETY

The Chair: I now call on the Peterborough County Medical Society. Please come forward. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you wish. I would ask you to identify yourselves for the purposes of our recording of Hansard.

Dr David Swales: I'm Dr Swales. I'm president of the county medical society.

Dr Renwick Mann: Dr Renwick Mann, past president and current secretary-treasurer of the county medical society.

The Chair: You may begin.

Dr Swales: Thank you for allowing us to make this presentation.

The Peterborough County Medical Society is a branch society of the Ontario Medical Association and has been in existence here for over 100 years.

Health care is the largest item in the Ontario budget and is taking an ever-increasing proportion of the budget, and thus we must strive to make the system sustainable and more efficient without comprising quality. This presentation will propose a pilot project in Peterborough county that is somewhat of a change in direction in health care funding, which we hope will address these concerns.

The major concern here in Peterborough is the provision of primary care. I'm sure our current member, Jeff Leal, can attest to that because I'm sure he gets a lot of phone calls about this issue. Dr Mann and I feel we can speak objectively about this issue because we are both specialists without any involvement in primary care delivery.

Currently in Peterborough county there are approximately 20,000 citizens without a family doctor. The number of practising family doctors in this region is decreasing. There are a number of factors involved in these two issues. The local group of family doctors is aging. Some have retired recently and there are quite a number who are close to retirement.

There are fewer medical students entering family practice as a career. This is driven by a number of factors. First is the perceived low prestige of family doctors in the medical hierarchy, the lower rates of remuneration compared to specialists, the heavy non-remunerative administrative load, and the long hours of work. As well, the heavy debt load of recent graduates is a deterrent to setting up one's own medical practice.

As you are probably all aware, the tuition fees have risen significantly. They range from \$13,500 for Queen's up to \$16,200 per annum for the University of Toronto. This has resulted in a shift of recent graduates to work situations without any overhead or start-up costs, such as walk-in clinics, in-hospital practice—the so-called hospitalists—or emergency medicine, where the hours are controlled, administrative duties are eliminated and, without overhead, their net income is significantly greater. Most family doctors run about 40% overhead on their gross income, those in private practice.

We don't see walk-in clinics as the answer to the delivery of primary care because there isn't continuity of care. The doctors rotate through there and you may or may not see the same doctor, and they don't have your past history, they don't know your family and they would just deal with a current problem and not the whole patient.

This decrease in primary care has many ramifications. As you know, this is a retirement area and this has

become a major deterrent for retirees to move to this area, particularly since they are one of the biggest users of the system. It also discourages people from accepting jobs in this area and therefore is a deterrent for businesses to locate in this region.

It significantly increases the pressure on our hospital emergency department, which currently sees an average of 230 patients per day, making it one of the busiest emergency departments in all of Ontario. They have been surveying these patients, and the latest survey shows that 16% of these visits are from people without family doctors. This is an increase of 25% from the previous quarter, when it was 12%. These figures are low because a lot of retirees who move here keep their doctors in Toronto and would use them for their annual check-up but when they have an acute problem, they would go to the emergency department. This is a difficult thing for us to quantify, but certainly I think 16% is definitely low. From a budgeting point of view, it costs \$170 for a simple emergency visit versus under \$30 for a visit to a family doctor.

This lack of primary care also results in specialists spending ever-increasing amounts of time doing primary care. One of the internists spoke to me last week and he said he is now doing 80% of his work in primary care services. This greatly increases the waiting time for patients who really need his special acumen. If these patients don't get timely care, then their health problems may well worsen and lead to expensive hospitalization.

Thus we began in March 2003, in conjunction with the Ministry of Health, to look at a pilot project for Peterborough county to try to address these problems. Our proposal doesn't fit in with any of the current funding models and would require a new policy and budgeting provision on the part of the government, and thus we felt it appropriate to present an outline of our proposal to this committee.

Dr Mann: The key component of our plan is the integration of the components of health care delivery as opposed to the current fragmented system. We have brought together the four main delivery components. The doctors, through the county medical society, the county/city health unit, the community access centre and the Peterborough Regional Health Centre have all participated right from the start and are committed to be involved and to make this proposal work. We have unanimous endorsements from both the city and county councils.

The medical society, the access centre, the health unit and the hospital would develop an administrative structure which would manage human resources and flow the funds through to the deliverers of the health care services. This would involve doctors, nurse practitioners, nurses, dietitians, social workers, office receptionists etc.

We envision approximately one nurse practitioner for every four to five doctors. These people would carry out the services and procedures for which they are qualified. This would free up the doctors for functions requiring their level of training. The current heavy administrative load for doctors would be largely taken over by the administrative body. With a lighter workload, the physicians have agreed that they would each be able to take on up to 200 new patients. Fully implemented, that would virtually wipe out our list of unattached patients.

The doctors would be paid a salary, but with incentive provisions to encourage good work habits and the provision of comprehensive care. Their level of remuneration would have to be close to that of hospitalists. However, the capital costs for doctors' offices and building expenses would be left to the individual doctor, unless they have a special arrangement with a municipality or other agency.

There would be provision for evening clinics and telephone triage during the night to provide continuity of care and reduce off-hour demand on the emergency

department.

This common funding agency would allow for coordination of services between the different agencies and the more efficient use of allied health personnel. With the personnel shortages we are experiencing in some areas, this would allow greater efficiencies and eliminate competition between agencies for scarce staff.

We strongly believe that we must look at new ways of health care delivery to achieve greater efficiencies and greater cost-effectiveness. Thus we think this pilot project is worth pursuing and, if it is as successful as we think it will be, it may well have application beyond Peterborough county.

We hope that in your budgeting deliberations you will think innovatively and give serious consideration to our proposal.

The Chair: Thank you. We begin this questioning with the government. We have about three minutes per party.

Mr Leal: Welcome, Dr Mann and Dr Swales, to the committee this morning. Just a couple of questions of Ren or David; maybe you can answer. How many family physicians in Peterborough have recently left to become hospitalists at the Peterborough Regional Health Centre?

Dr Mann: Approximately six, not all of whom are working full-time as hospitalists, but there are about six physicians who have given up their office practice to take on other styles of care, including hospitalist work.

Mr Leal: What patient load would they be abandoning to go into the hospital as a hospitalist?

Dr Mann: I think our typical average is about 1,200 per practice, so at half a dozen, that's 7,000, 8,000 people probably with that group of physicians.

Dr Swales: Some of them actually had larger practices than that too, so that figure is probably low.

Mr Leal: And my last question quickly is, you mentioned specialists now fulfilling the role of GPs. How much time is that taking away from the specialist fulfilling his or her role as a specialist in a specific area?

Dr Swales: This is a greater problem with the internal medicine specialists, the surgeons to a lesser degree. I quoted one internist in a Peterborough clinic, and 80% of his practice now, he feels, is primary care, which is a

huge proportion. As a result, he is not practising to the level that he should be.

The Chair: Mr Peterson, did you have a question? You have about a minute and a half.

Mr Tim Peterson (Mississauga South): I hope this isn't redundant. I understand it's five to eight hours a week that doctors are spending on administrative burden and reporting. Has this been looked at and is there any way we can cut that back with use of electronic means and get some of this burden off their backs?

Dr Mann: There are a number of projects currently underway. The physician e-health project is a major one. That's a collaborative effort between the Ontario Medical Association and government. The use of electronic medical records and the use of programs like this is intended to help increase the efficiency of practice and to allow for more easy sharing of information across different areas of practice when required. The total time is probably not going to be reduced greatly in the long run, but hopefully, with more efficient access to records, it will speed up care at the care delivery level.

The Chair: We'll move to the official opposition.

Mr Flaherty: Thank you, Dr Mann and Dr Swales, not only for taking the time this morning but for bringing the committee a constructive proposal. We listen to lots of presentations, and regrettably not all of them put forward a constructive proposal in terms of the fiscal challenges that are faced by all of the governments in Canada, including the government of Ontario.

I know that our colleague the former member for Peterborough, Gary Stewart, was instrumental in getting the nurse practitioner in Norwood. I remember that, and I note the particulars of nurse practitioners for every four to five doctors in the proposal. How many nurse practitioners would that mean?

Dr Mann: We're currently looking at a population of about 100 family doctors in Peterborough county. So at four to five, you would be looking for 20 to 25 nurse practitioners to service that group.

Mr Flaherty: There's an educational mandate there that would be necessary for the nurse practitioners. Certainly I hope the government looks at that. I understand the concept of the physicians working at their level of training and avoiding the heavy administrative load that physicians face.

One of the comments is that "doctors would be paid a salary, but with incentive provisions to encourage good work habits and comprehensive care." Is there general acceptance in the medical community here of that salary concept?

Dr Swales: There was a subcommittee of family practitioners who led it, but they periodically met with the entire group of family practitioners in Peterborough, and have had their support all the way along on this. So it's been accepted.

Mr Flaherty: I wanted to ask you, Dr Swales, about the "incentive provisions to encourage good habits and comprehensive care." What type of incentive provisions are being contemplated in the pilot project? The reason I

ask is that it has been said over time that one of the difficulties with our health care system in the province of Ontario is that there are no incentives for anyone in the system to save money.

Dr Swales: I think one of the concerns is with family practitioners. They work at different levels and have different patient volumes. Some have larger practices, and it can vary up to 4,000 in extreme cases, down to 1,200 or less in lesser cases. Our concern was if there was just a fixed salary no matter what volume of patients they had, if we didn't want the larger practices to start shedding patients, because they said if somebody can get the same salary looking after 1,200 patients, as opposed to 3,000, then that just didn't seem fair. We wanted to avoid the shedding of patients by larger practices.

The Chair: We'll move to Mr Prue and the NDP.

Mr Prue: Thank you—a very interesting proposal. But I'm having a little bit of difficulty understanding how your proposal differs from community health centres, which are approved and which the government does fund. What is the fundamental difference? Because I don't see it here. I see salaried people, I see nurse practitioners, I see one-stop shopping. I don't see the difference why yours would not be funded.

Dr Mann: The major difference we envision here is the involvement of the health unit, the access centre and the hospital in the management to help break down the barriers between provision of care at all of those different levels of provision.

Mr Prue: OK, You are trying to do a wider scope, and the wider scope is not being recognized by the government. Is that, in a nutshell, what it is?

Dr Mann: This proposal envisions a somewhat wider involvement than has previously been looked at.

Mr Prue: You've said that this will facilitate doctors being able to see about 200 more patients each and virtually wipe out the problem of not having sufficient doctors in the region. How precisely would that happen? Through the use of nurse practitioners? Or is there some other way?

Dr Mann: The provision of primary care services involves a fair amount of preventive care. For example, education, many areas of which can very adequately be provided by non-physician personnel, but which, in the traditional style, do require the physician's time. By being able to provide these services with non-physician personnel, it provides more time for the physician to see the things that he or she ought to be seeing, therefore being able to look after more patients.

The Chair: Thank you for your presentation this morning.

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GLOBALTECH

The Chair: I call on GlobalTech. Good morning. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you wish. I

would ask you to identify yourselves for the purposes of Hansard.

Mr Steve Gilchrist: Thank you very much, Chairman Hoy. My name is Steve Gilchrist and with me is Mr Ira Lyons, the president of GlobalTech. Let me just start by welcoming to the world of committee hearings those who were recently elected, and to my colleagues over the last eight years, congratulations on your re-election. I know many members eschew the opportunity to go out on committee hearings. I always found it the best possible way to stay connected to the real world around us, a far more complex world than we might find in our own ridings. So I applaud what you're doing here today and I hope we can add a little bit to your perspective, one more way that the Ontario economy can continue to be challenged, to be ahead, hopefully, of all the other jurisdictions in North America when it comes to growth.

By means of background, I would commend to all the newer members the work done by something called the select committee on alternative fuel sources. While I'm sure the newest members will have discovered already that most of the work that happens at Queen's Park is clearly delineated along very partisan lines, there are occasions when we have had the opportunity to come together where the objective was so clear, where the common interest was absolutely undeniable. I think when you're talking about the air that the citizens of this province breathe and other serious environmental issues, no one party takes a monopoly on that. If you think that's true, direct me to the campaign platform where anyone ever said that they believed in dirty air or dirty water. I think it is a truism.

But I also think the work of the select committee is living proof that where we have those common interests and common goals and the best interests of the people of this province at heart, we can do some remarkable things. This document represented the work of an all-party committee. It was quite remarkable for one other reason: It's the first time in my knowledge that there were actually an equal number of opposition members. There were as many opportunities for game-playing as there were meetings and no one took advantage of it. There was no stymieing of the work of the committee, there were no procedural issues; instead, there was an extraordinarily thorough vetting of every single technology we could find around the world. We literally scoured the world and looked at every jurisdiction that had dealt with policies or strategies or legislation to promote the use of cleaner fuels or energy efficiency. We had access to the extraordinary services of the researchers in the parliamentary library and, along with the committee and our own staff, I think we did a remarkable job. At the end of the day, every single member of every single party signed off, verbatim, on every word that's in that report, a report that I would suggest to you is a blueprint for taking Ontario into a far cleaner future than would otherwise be the case.

Where does that take us to? Well, I'm very proud to say that in the time we had between when that report was tabled and the last election, over half of the 141 recom-

mendations were acted upon. Let me give you an example of just one: We took the provincial sales tax off Energy Star, high-efficiency appliances. In and of itself, you would think it was a fairly minor policy change for government to make. That one change had the effect of over 60,000 households upgrading to Energy Star appliances and, in so doing, reduced the total electricity demand in the province of Ontario by the equivalent of a town of 4,000 homes. Think of that: A town of 12,000, 13,000, 14,000 people effectively was taken off the grid, simply because government said we can live without the provincial sales tax.

At the same time, those retail stores sold more goods. They made more profit, presumably. They paid more income tax and, over the long haul, we certainly would have seen an increase in employment. Those staff would have paid more tax. So I know I can sit here today and suggest to you that it was not revenue-negative; it was

probably revenue-positive to the treasury.

I sit here today having had the opportunity to serve as the Commissioner of Alternative Energy and be part of that process, and I am immensely proud that out of every one of those technologies we looked at, I can tell you that the one I think is the most realistic bridge today between the status quo of hydrocarbon-burning engines producing a lot of pollution and the ultimate solution, namely a hydrogen economy, is GlobalTech, a company with R&D facilities in Aurora but its new manufacturing facility is in the great riding of Durham East, just down the road in Bowmanville, Mr O'Toole's riding.

Mr O'Toole: If I can just correct you there. It's Durham.

Mr Gilchrist: I'm sorry, just "Durham." Forgive me. It's the eastern end of Durham region.

What this is—and you've got some detailed product literature there, but very briefly let me just tell you—is in effect taking all of the work you've heard from the Ballards and others for the ultimate hydrogenization of our energy stream and taking advantage of the physics behind the use of hydrogen and, by building an onboard hydrogen electrolyzer and injecting small amounts of hydrogen directly into the air manifold for a diesel-, propane-, natural-gas- or gasoline-powered vehicle, you can effectively eliminate virtually all the pollution that today's technology is creating.

Hydrogen burns 14 times faster than diesel, so you get a lot more power in the power stroke. You get more horsepower, you get more torque, and what's most noteworthy is there is a guaranteed 10% reduction in the amount of fuel that you use. It's just a physical fact. Because the fuel is combusting more completely, there is less wasted, and therefore there is less used in the entire

process.

When you stop to think of how many buses you followed—I followed a school bus this morning on my way to the committee hearings—number 723, if anyone from the school board wants to make note—and I can't remember the last time I saw as much black smoke coming out the tail end of a vehicle. This product eliminates-let me underline that word: not reduce, eliminates—black smoke. It cuts in half the amount of nitrous oxide and sodium dioxide. It really does take us a huge step forward. And I want to make this point here today: While I think GlobalTech's product may be cutting edge, there are other technologies out there that are similarly applying green technologies to existing hydrocarbon engines.

The point of the visit here today is a very simple one-two points, I guess. First off, one of the other recommendations in this report, that was acted upon, was creating a provincial sales tax rebate of up to \$2,000 for any vehicle that's natural-gas-, electric- or hydrogenpowered. Who could argue with that? Incenting consumers to buy the cutting-edge technology that would allow them, and us, to know that they are no longer creating any kind of problem when it comes to air pollution and, in fact, are being part of the solution.

Unfortunately, when we first envisioned this—the rebate was expanded as a result of the select committee but it was started a number of years before that-no one envisioned technologies that would in effect take existing hydrocarbon engines and make them as clean as natural gas or electric or hydrogen. So whether it's additives that allow diesel to mix with ethanol, whether it's hybrid cars such as the Toyota Prius, which have now married electrical power with a traditional gasoline engine, we've left out of the equation, we've not put in place an incentive for those consumers who have already made an investment—in this case, for example, in a quarter-million or half-million-dollar transport truck-to be part of that same solution.

Let's be realistic. I think anyone who's been following this recognizes that 20 or 30 years from now, we will be living in a hydrogen economy. But to get there it means first finding ways to effectively, efficiently and affordably mass produce the hydrogen, transport the hydrogen, change every gas station to be able to dispense the hydrogen and literally throw away every single vehicle on the road today. That's when you will have a hydrogen economy. I think we would all agree, that is an expensive proposition, and something that's not going to happen overnight.

If there is a way for government to incent the bulk of that change even now by applying any of this range of technologies that create hybrid solutions, I would encourage you to do that.

1030

Just like that Energy Star example, we could sit here and talk. I'm sure the finance minister might very well as they always do-react to much of the work that you're going to bring back and the report that you'll ultimately present to him and suggest this will cost the treasury or that will cost the treasury, the various recommendations you make. But you know, 8% times zero is still zero.

These units have been sold for five years, over 490 million kilometres worth of use. Every single vehicle you could name has had this equipment installed in it and every manufacturer has supplied a letter saying it won't

void the warranty. There are transport companies and there are municipalities all across North America using this product today, but not in enough numbers to make any kind of dent in the provincial treasury.

I want to compliment the current government for following through and on April 1 dramatically ratcheting up the standards for buses and trucks under Drive Clean. Finally we're going to get a handle on the worst polluters. But having now made it mandatory for those vehicles to have cutting-edge technology, I think it's to some extent contradictory to put a provincial tax barrier on that. I would commend to you a similar suggestion to the successful Energy Star promotion: the elimination for one year of the provincial sales tax on any technology that marries green technology to existing hydrocarbonpowered engines. At the same time, knowing that technology exists, I would also encourage you to work with the Minister of the Environment to continue to raise the standards. It is not responsible to ask business to do things that can't be done. But in this case, we have technology that literally eliminates the particulate matter and dramatically reduces most of the other noxious chemicals we rate under the Drive Clean program. I think we can realistically continue to raise that bar and ensure Ontario citizens are as protected as technically possible from the vagaries and vicissitudes of air pollution.

I don't know how much time we have left, Mr Chairman, but I just wanted to thank you all again for this opportunity and to encourage you again. I think it's still available on-line. It makes for fascinating reading, and full credit goes to whoever adopts the other half. Thank you very much. We're happy to take any questions if there's time.

The Chair: Thank you. We have about two minutes per party, and we begin the questioning with the official opposition.

Mr O'Toole: Thank you very much for an informative presentation, and an innovative presentation, I might say. I welcome the actual synergy behind this concept that Mr Gilchrist has presented to us. As well, Steve, the work you've done on hydrogen and the alternative fuels committee should be recorded. I applaud you for continuing in your public life in that role.

I just wanted to compliment—I have actually seen and witnessed the big bang and all the rest of it. It's worth seeing. It's true, it works; I've seen it. I think it's private now. That's why there's not a lot of energy around it, like Ballards, Stuart Energy and Hydrogenics, some of the ones in hydrogen. This concept is quite saleable as I see it. I've actually written to Joe Cordiano, and I've written to Greg Sorbara as well to look at it in terms of the way you've presented it today.

I wanted to put a question. I know the municipal transit issue and pollution and Kyoto and all these things—it's time now to act and clean up the air. I think the best role of government is to demonstrate by its own leadership. What I'm putting to you is the two-cent-a-litre promise—whether or not you deliver, I won't get into that argument. I think it could be tied to a capital

grant—this is for Mr Colle, specifically, the PA to finance. What I'd like to see is that the two cents be tied to capital and also address the emissions issue. So if, for example, Toronto as a large urban area with a lot of busing converts all diesel buses to this, which addresses the 1,600 deaths a year and all that from emissions—which has been refuted by the way. Would you like to see that as part of what you're talking about? Your presentation today here told us that you need an opportunity to get it into the broader marketplace while addressing it and to put into production this model that you have. Would that allow it to happen, if you had a partnership with all municipal transit? I'd like to see Durham region municipal transit; I'd like to see the Toronto transit authority.

Mr Ira Lyons: Most certainly. In fact, Steve has spent some time with the federal government with respect to the municipalities. The municipality of Clarington has great interest in pursuing this with respect to their heavy goods vehicles and buses, and I should point out again that the technology has benefit to all types of internal combustion engines fuelled by, as Steve said, diesel, gas, propane, natural gas or, and in addition to any of the dual-fuel types of things: the natural gas and diesel, the bio-diesel.

We would most certainly believe that the public sector, the public transit should certainly—as a resident of Toronto for many, many years, the only emission control that I've ever seen on the buses has been that the smoke stack has, from pointing back in your face, been put up in the air.

Mr O'Toole: Mr Colle, I'm sure, being a former metro councillor on the TTC, would like to bring this forward and clean up the air while providing an investment.

The Chair: Thank you. We'll move to the NDP.

Mr Prue: I'm trying to figure out what the cost would be of this unit and how many kilometres one would have to drive, say, in a truck in order to have it pay for itself, because I think that's the key to all of this: how many bus companies, how many truck companies, how many individuals in their private automobile, how much is the upfront cost and how long do you have to drive the vehicle for it to pay for itself?

Mr Lyons: I can answer that in a number of different ways. If one only looks at the fuel costs, setting aside maintenance costs, indirect health costs etc, just on the fuel-cost basis, a typical truck line, a typical bus or a typical customer in a trucking business—I'll use that as an example—spends \$5,000 to \$8,000 a month on fuel. We can guarantee a 10% saving, and in practical situations, 20% plus is not unheard of. But even at a 10% saving, that's \$400, \$500, \$600 a month. A typical lease on a program or financing, the retail cost of \$15,000 is somewhere in the order of \$300 to \$350. So the answer to your question is it costs nothing, and in fact the end user makes money while helping the environment.

Mr Gilchrist: Mr Chair, if I could just add, for the TTC—and I know that through Mr Colle the ministry will continue to be challenged by municipalities coming

to the table, as Mayor Sutherland did here this morning—the immediate fuel savings, not counting the fact that maintenance costs go down because your engine is burning more cleanly, are \$3.5 million a year, net of the leasing cost. The immediate net savings to the city of Toronto is \$3.5 million, while eliminating the pollution coming out of the back of those buses.

Quite seriously, it is an opportunity for the government through a policy direction. I don't want it to be specific, this technology. I am saying, though, that it is now possible to go to the TTC and say, "If you have met this standard, then maybe we'll look at helping you in some other ways." But there is cash being left on the table by every municipal transit system today, and in fairness to them, the technology has evolved in the last five years. I don't think this is something where you have to be critical of the TTC for not having done it yet. But the fact is, it is viable today; it is an Ontario technology, which should be a source of some pride to us; and all of the jobs relating to the expansion of the production at GlobalTech simply mean more economic benefits for this province at the same time we're dealing with pollution. 1040

The Chair: Thank you. We'll move to the government.

Mr Peterson: Great books have been written about the hydrogen society. Obviously, the Seven Sisters will be the big opponents to it; they have the most to lose. But you need some critical mass to get this type of technology going. I wrote this question before you mentioned the TTC as a model you could work through to be a living example. Whether it's municipal government, city government or provincial government using their vehicles as the test site, the beta site, to prove this does work en masse, as you're saying it does, and it does become acceptable to society—because there are two factors there—how would we deal with the different, competing technologies here?

Mr Lyons: Let me first point out that in relation to our technology and, let's say, fuel cell technology, we do exactly the opposite of what a fuel cell does. Fuel cell technology takes hydrogen and produces electricity to run an electric motor. We take electricity and water to produce hydrogen, fractional amounts that are introduced into the air intake. There's no conversion on the engine; it's a simple tap-in on the air intake. There's a picture of it in the material. Installation is four man-hours maximum. If for any reason the unit would not operate, the engine would continue to run as it did before.

The second point I would make is that we have been field trialing and testing various models of our product, our hydrogen fuel-injection system, for the last nine years. There are presently 120 units out in the field—mostly in Ontario, but they stretch from Quebec to the Maritimes—on 31 different fleets. A somewhat prominent small Ontario fleet has its own corporate fleet equipped with them. That's Skelton Transport.

We have completed all our field trials and our beta tests. We are in production right now for a production model. The necessity, from our point of view, of needing a government or TTC to move forward just isn't there. We've got programs started with Ryder dealing with their in-bound GM assembly plants. We've got programs started with Greyhound out of Winnipeg. We've completed third-party verification in California at California Environmental. So we may be a little farther along than what I heard in the question.

With respect to the last part of the question regarding competing technologies, I think Steve had brought up the point that really our interest relates to just the definitions in incentives relating to larger trucks, to additives, if you want, rather than just—as I understand, the select committee talks about a vehicle running solely on hydrogen.

The Chair: Thank you for your presentation this morning.

Mr Gilchrist: May I, in departing, invite all the committee members to feel free to drop in to GlobalTech—the business card is in there—and see with their own eyes this cutting-edge Ontario technology. Thank you again for the opportunity to present before you this morning.

PETERBOROUGH AND DISTRICT LABOUR COUNCIL

The Chair: I call on the Peterborough and District Labour Council. You have 20 minutes for your presentation. You may allow for questions within that 20 minutes, if you desire. I would ask you state your names for the purposes of Hansard.

Ms Marion Burton: Good morning. My name is Marion Burton. I'm the vice-president with the Peterborough and District Labour Council.

Mr Bill Astel: My name is Bill Astel. I'm secretary-treasurer with the Peterborough and District Labour Council.

Ms Burton: Keith Riel was not able to join us this morning, so Bill has agreed to attend here with me.

The Peterborough and District Labour Council represents about 6,500 workers from 40 trade union locals in Peterborough and its surrounding area. Our affiliates represent workers from the hospital, long-term care facilities, the community access centre, postal workers, our schools, the library, both small and large manufacturing workplaces, our community college and university, transit workers, and local ministry and correctional facilities. Our members are the average Ontario citizen. We are not a special interest group. My own union is OPSEU, which represents over 100,000 members in the province of Ontario.

We're here today to participate in what we hope will be an open and full debate about the future of public services in Ontario. That debate cannot happen without looking at both revenue and expenditure. To date, the debate has been restricted by the government's insistence that it would not raise taxes.

Public services in Ontario are in desperate need of rebuilding. More cuts are simply not possible. The people of Ontario understood this. We thought they had made

that clear during last fall's provincial election. The people of Ontario know they will have to pay higher taxes, taxes that will support better public services. We believe that the people of this province value public services and are prepared to pay for them. That was the change they chose last October. The people of Ontario voted for an end to cuts, and new investments of \$5.9 billion toward services renewal.

If the government persists in its stated goals of eliminating the deficit next year and not raising taxes, it will not be able to deliver on its promises to renew services. It simply will not add up, The previous government reduced our ability to pay for public services by nearly \$14 billion in annual revenue. Recovering as little as 25% of that amount would enable the government to deliver the services renewal it promised and balance the budget in the last year of its term of office.

It can be done. The public would support this. It would put this province on the road toward a more healthy

system of public services.

We urge you to consider ideas for revenue recovery that would enable the government to deliver on its promises to renew public services. We are not going to pretend that this is easy, and you are not going to hear from us that we can rebuild public services by getting someone else to pay. Everyone in this province benefits from high-quality public services and we believe that everyone in this province is prepared to pay their fair share.

There is an alternative. The Ontario Alternative Budget we know did an extensive presentation through Hugh Mackenzie earlier during your cross-province tour, so I won't go into any of the details we had identified in our presentation. We would ask you to give it serious consideration.

If everyone pays a modest amount, if everybody pays their fair share, we can be on the road to recovery. Of course no one would suggest that taxes be increased just for the sake of increasing taxes. But the whole point of what we have to say today is to get away from the idea promoted by the previous government that taxes are a burden imposed on us for no reason. We pay taxes to buy public services, or, to put it in the more eloquent terms of the American justice Oliver Wendell Holmes, we pay taxes to buy civilization.

The case for increasing Ontario's revenue must be rooted in the need to renew our public services. We're here to talk to you about what that means in Peterborough.

First we are going to talk about health care. It's easy, when you're talking about the billions we spend on health care, to lose track of what it actually means to people.

In Peterborough since 1995, with the slashing of health care funds, we have experienced the amalgamation of our previous Civic and St Joseph's Hospitals. The closure of hospitals around the province has caused extraordinary pressures and strains on remaining hospitals and on emergency rooms. In Peterborough, the old St

Joe's—we now call that the Rogers Street site, for anyone not familiar with Peterborough—is primarily an empty shell housing a few outpatient clinics and some outpatient surgeries. Last fall, with the opening of the new long-term-care facility in Millbrook, the one remaining floor for long-term care in-patients at the Rogers Street site was phased out. The shortage of beds at what we call the Hospital Drive site, the main hospital in Peterborough, is in a constant critical state and doctors are pressured to discharge patients as early as they possibly can. This is then putting pressures on home care services, as you heard about earlier from Barb Gannon from SEIU.

1050

Our emergency room is overflowing. Waiting times are excessive and beds in hallways are the norm, and the halls are cold. Eleven beds at the Rogers Street site have been temporarily reopened to deal with the bed shortage; however, at this time those beds have not been funded. So the hospital doesn't know where they're going to get the money to pay for that.

In both the hospital and long-term-care facilities inadequate staffing levels are a huge issue. Nurses are in short supply. Full-time nursing positions are scarce and the part-time nurses must pick up shifts in various departments or in other hospitals or health care facilities in the community to keep their wages at a level where they can meet their monthly bills.

Graduate nurses look to other communities for fulltime employment opportunities because Peterborough is not offering them to them. With heavy workloads, inadequate staffing levels and pressures to maintain quality care for the patients, the number of workplace injuries in all areas of the health care facilities has dramatically climbed.

We are all aware of the impact the doctor shortage is having on health care services in Peterborough. People without a family doctor must try to find care through limited walk-in clinics or the emergency room. Those requiring prescriptions for medications—even pain medication—are forced to wander through the maze of limited health services trying to access care. For the sick and elderly with no one to advocate for them, this can be an overwhelming task.

We are fortunate to live in a community like Peterborough, a community that has dug deep and donated generously to help fund our new hospital, which is going to open in about three or four years. Under Canada's medicare system, hospitals and hospital services are paid for from the public purse regardless of the financing and ownership regimes. In our publicly funded health care system, the real question isn't who pays, but how much.

Of great concern to Ontarians is the P3 model or public-private partnership. We heard earlier about the concerns of how this will cost the taxpayers more money. I'm aware that you'll hear a more lengthy presentation made on P3s later on this afternoon, so I won't go into that extensively at this point either.

Adding further concern to hospital workers was the introduction of Bill 8 last November by the new Liberal

government. This bill allows the minister incredibly broad power to override collective agreements. It can force hospitals into agreements that they may not want to be part of, and at this point, directives can be made to override CEOs. Using private financing, which does cost taxpayers more, and letting private companies take over the operation of non-clinical services—our house-keeping, our maintenance, our nutrition services—will only worsen the economic climate in this community. Many of the workers in the non-clinical services are women, people of colour and immigrants. This plan will create another low-wage job ghetto in our community because the only way private operators turn a profit is by cutting wages and benefits.

Moving on to education: People talk in the abstract about the billions involved province-wide in implementing the recommendations of the Rozanski report on education funding. According to the widely accepted analysis of education funding in Ontario conducted by the Canadian Centre for Policy Alternatives, here's what it means in this community: The Kawartha Pine Ridge District School Board in 2003-04 was \$25 million short in funding compared with what was recommended in Rozanski's report; the Peterborough Victoria Northumberland and Clarington Catholic District School Board was \$9.9 million short. That's \$665 per student underfunded in the public system and \$714 per student underfunded in the separate system.

Over the last few years I was on school council in my own community. Council members were appalled when we were faced with financing things like textbooks for classrooms. Teachers would come to us and ask if they could have money out of our fundraising revenues to give them textbooks and proper clothing racks in the hall in order to prevent health and safety hazards for our children. Providing these basic needs should not be reliant on fundraising from our chocolate bar sales, book fairs or revenues from hotdog day. This year, our grades 7 and 8 class will hold 38 students. That room is barely able to physically hold them. The previous government's funding formula identified capping the number of students at no more than 22 students per class, but by averaging the number of students against all staff, not just teachers, within a school board's jurisdiction they deliberately misrepresented reality in the classrooms in this province.

Social services: In 1995, we had a thriving program that was building thousands of new affordable housing units every year. Since then, there has literally not been a single affordable housing unit built in the entire province. Reinvesting in affordable housing programs will boost both employment in construction trades and the local economy. The provincial government should strive to work in partnership with the federal government to build social housing.

In 1995, the provincial government cut social assistance benefits by 22% and then froze them. Think about that. How would you survive if someone cut your income by 22% and then froze it for eight years? Let me give you an example of someone I know personally. A young,

now-single mom caring for two of her three children, aged 3 and 17 months, receives about \$1,081 per month social assistance. She also receives from the federal government about \$340 per month in what we used to call the baby bonus. But this is only on paper because the provincial government claws that amount back. Her rent in a rundown basement apartment is \$650 a month, and that was all she could find for housing that would take her with her two children. How do you pay for food, clothing, diapers, phone and transportation costs after you pay the rent? In her community she can attend the food bank three times a year. I'm shocked. She fell behind in her rent and was served an eviction notice. She does not qualify to access services at a women's shelter because she is no longer with her abusive partner. Can you imagine the despair she feels knowing that she and her two children may be out on the street in the middle of February?

In Peterborough, the homeless capital of Canada, our food bank is in desperate need of supplies; homeless people living on the street can get comfort through the cold winter nights at a local warming room; and working people are struggling to cope with the stress of trying to survive with sometimes multiple jobs, if they're lucky, and little or no support in the form of child care.

Time and time again, the previous government refused to respond to pressure for better public services. Instead, they downloaded their responsibility on to local governments, and we heard about that this morning from our mayor, Sylvia Sutherland. The result is that local public services are suffering everywhere in Ontario. There is more to do and less money to do it with. Everyone sees that every day because it is the local public services that are the most immediate and visible public services we have. There has to be a new deal for local governments.

The role of government needs to change. What we would like to talk about is the need to renew Ontario's ability to regulate in the public interest. New governments often want to change or reinvent the way things are done. This is understandable, but deregulation and privatization is not the kind of change the people of Ontario voted for or want.

We don't want or need the high-profile events like Walkerton, the epidemic of deaths among young workers, the crisis of quality in long-term care, the increasing encroachment of for-profit hospitals in our health care system, the weaknesses in our health protection system as exposed by the SARS outbreak, the growing number of smog alert days in the summer, the threat of factory farms setting up business in local rural communities and the serious problems in our education system. Every one of these headline stories stands as a symbol for countless other stories of failure to regulate to protect the public good.

The previous government turned this province into a happy hunting ground for those who seek to enrich themselves, for private interests at the expense of the public interest. It has to stop. It is our view that the people of Ontario don't want to sell off public services to

enrich private interests. We do not agree with selling Hydro, selling the LCBO, delisting services such as hearing aids, destroying the universality of seniors' benefits, selling TVOntario or attacking public service workers under the guise of reinventing government.

1100

Ontario workers have been involved in an ongoing fight with the provincial government since 1995. There has been a relentless attack by the Tory government on workers' rights, with the removal of laws that protect our members from harm and exploitation. Employees should expect their workers' health and safety centres to be supported by the provincial government. Decent jobs and a living wage should be the goals of every government in order for working families to prosper. We do applaud the increase in minimum wage that's being phased in over the next few years.

There must be quality jobs available and opportunities for young people to step into the workforce. We must all strive to make workers' lives economically secure, safe and dignified. Our role is to pressure the government to establish and enforce laws that help working people take their equal and rightful place in society, laws to benefit

everyone, not just a privileged few.

In conclusion, the damage caused by Ontario's antigovernment since 1995 ia not going to go away overnight. It took the Harris-Eves era eight long years to bring public services in this province to their current state. We feel strongly that the current government must follow through on the first steps toward services renewal that it promised in its election platform. That will only be possible if the government shows some courage and demonstrates some faith in the good will and good sense of the people of this province.

We know that Ontario's public services need substantial new investment. We know that the province's fiscal position is weak, undermined by years of illadvised tax cuts—tax cuts that we could not afford.

We know that the government cannot deliver on the public services renewal we so badly need without increasing revenue. Indeed, Ontario faces a revenue problem, not a spending problem. Don't let commitment to the right-wing Ontario Taxpayers Federation take precedence over the promises to the people of Ontario,

We are prepared to do our part. The stakes cannot be higher, because if the Liberal government persists in its pledge not to increase taxes—

Interjections.

The Chair: Order. Continue.

Ms Burton: I'll repeat. We are prepared to do our part. The stakes cannot be higher, because if the Liberal government persists in its pledge not to increase taxes, it will be making public service renewal impossible. At the end of its term in office, its only accomplishment will be to have cleaned up the fiscal mess created by the Tories, just in time for the Tories perhaps to be re-elected to start the process all over again. We need a real debate about Ontario's future, a debate that puts everything on the table.

I thank you for the opportunity to have some input into that debate here today. It's time for us to start hoping again, and it's time to reinvest in Ontario.

Thank you very much for your time.

The Chair: Thank you. We only have three minutes for questioning. It will just go to one party. This time it goes to the NDP.

Mr Prue: Just to the last page, we've heard some of what you have said from other deputants. I'm going to pose the same question I did to some of the others. The government was elected on a platform of 231 promises; 230 of them involved spending money, and one involved the taxpayers' alliance, of not raising taxes. Could you tell the members opposite which promise you think they should break?

Ms Burton: I think you have to raise taxes to some degree. It doesn't have to be a large amount. The Ontario alternative budget presented you with reasonable ways of increasing your revenue. You cannot touch health care any further, and privatizing it will only increase the cost to the taxpayer. The taxpayers pay in total your health care costs. You do not need to be providing a profit to line somebody's pocket to be able to do that. You have to increase taxes to some degree.

I recall receiving a cheque which was my share of—was it a 30% tax rebate? I got \$200. I would just as soon you keep my \$200 and put it toward public services that we need here in this province desperately.

Mr Prue: The second question involves housing. You have made the statement that virtually no housing has been built in Ontario. Can you tell me, because I know we're going to have a group this afternoon—they come in and say the same nonsense every time, that the Tenant Protection Act is now building rental housing—how much rental housing has been built in Peterborough in the last four years?

Ms Burton: No, I can't tell you. I can't answer that one.

Mr Prue: Can you tell me what the vacancy rate is in Peterborough?

Ms Burton: It's extremely high. We are the homeless capital of Ontario. The waiting list for people to get into housing can be anywhere from three months to five years, and especially for people with children, it is virtually impossible to try and get adequate, suitable housing.

Mr Prue: We heard from the mayor earlier today that the municipality simply does not have the wherewithal to build that housing here in Peterborough.

Ms Burton: That's my understanding, yes.

The Chair: Thank you for your presentation this morning.

COUNTY OF PETERBOROUGH

The Chair: I call on the county of Peterborough. Good morning. You have 20 minutes for your presentation, and you may leave time within those 20 minutes for questioning if you so desire. I would ask you to state

your names for the purposes of our recording Hansard, and you may begin.

Mr Dave Nelson: I'm Dave Nelson, the warden of Peterborough county.

Mr Bryce McLean: I'm Bryce McLean, the acting CEO and clerk of the county of Peterborough.

Mr Nelson: I'm pleased to have the opportunity to appear before you this morning to provide comments to the standing committee on finance and economic affairs. We are encouraged that the committee is seeking input from municipalities of all sizes with regard to the upcoming provincial budget. We are certainly hopeful that our comments will be taken into consideration when you are entering budget deliberations.

Municipalities in rural Ontario are facing very serious problems. We are clearly facing very serious financial pressures, not only as a result of direct downloading of costs but because of the effect of provincially mandated regulations. Programs and regulations that are related to Emergency Measures Ontario, local health units and road standards, to name a few, all impose considerable responsibilities and associated costs on small rural Ontario municipalities.

The problem is further compounded by the lack of tax funding for crown lands and hydro corridors, and the freezing of agricultural lands to 1998 levels in the CRF funding formula. The assessment of crown, hydro corridor and agricultural lands needs to re-examined so that municipalities like Peterborough county can begin to receive taxes at a level which will enable us to provide our required services.

It is equally important that the money raised through gas taxes be directed to rural municipalities to help pay the cost of maintaining our roads. Municipalities can provide services better and at a lower cost than the province, but we can't do it for free.

I would now ask Bryce McLean, the director of finance and acting CEO for Peterborough county, to elaborate on these issues. I wish to thank you for providing us with this opportunity today.

Mr McLean: Chairman, members of the committee, good morning. It's my pleasure to be here to put forward a presentation from work that has been done by the Eastern Ontario Warden's Caucus, with 12 counties and the city of Kawartha Lakes in eastern Ontario, to develop a report on the financial requirements of the eastern Ontario counties.

I apologize for my voice. I've been losing it since early this morning.

A report called Future Directions, prepared in 2002 and updated in 2003, identified a number of key areas that are of concern to the eastern Ontario counties. In late 2003, the chief administrative officers of the eastern Ontario counties prepared a follow-up report called Future Directions: An Action Plan for Government. That's the one that we handed out this morning. This report was presented to the Minister of Municipal Affairs this past Friday. The issues identified and the recommendations provided are common to all the municipalities that participated in the development of the report.

The challenges identified include a limited assessment base, a small tax base, extensive areas of crown land that produce no property taxation, a small population base spread over a large geographic area, and a requirement to provide extensive and expensive services to the residents and businesses of the region. Add to these issues the responsibilities for maintaining over 40% of the former provincial highways that were transferred to the upper tiers and emergency services that respond to the needs in the vast crown land areas, and the uniqueness of eastern Ontario becomes clear.

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While the action plan for government is a thorough analysis of many of the outstanding challenges facing eastern Ontario, a number of issues identified in Future Directions remain to be resolved. They include high commercial and industrial education taxes that place eastern Ontario at a systemic disadvantage; a local services realignment deficit of \$6.6 million in 2003, and growing; a need for the provincial government to implement an effective eastern Ontario caucus where issues can be shared and examined; a stagnant or declining population base; average annual family incomes that are significantly lower than the provincial average; continuing underfunding of the community reinvestment fund (CRF) for farmland and managed forest taxation; and a growing infrastructure deficit and rising operational costs, particularly at the local municipal level, for water and waste water facilities.

The EOWC recognizes the importance of working with government, both federal and provincial, to bring about positive change, and the action plan is a map for that effort.

The following comments are excerpts from that report. Land ambulance service: Provincial funding for land ambulance services is based on a response time standard established by the Ministry of Health and Long-Term Care in 1996. Since the assumption of this service in 2000-01, local governments are experiencing response time requirements that exceed the service levels provided prior to the download. This has resulted in a significant gap between approved and actual costs for all service providers. Across eastern Ontario, the average 2003 level of provincial funding ranges from 39% to 48% of the total operational and capital funding annually.

The issues associated with this are:

Escalating wage costs: The average wage and benefits awards or settlements for paramedics exceeded 20% between 2001 and 2003, a trend which is anticipated to continue into the next three years. Provincial funding has been capped at 2% by the Management Board. A province-wide push by paramedics for parity with firefighters and neighbouring services will widen the gap between approved and actual costs funded through the provincial and the local tax base respectively.

Cross-border billing: The current legislation and regulatory framework relies upon mutual agreements or a default formula for cross-border billing purposes. Regardless, there are discrepancies. Among the service

providers, the perception is that there are winners and losers. The reality is that the financial burden is greater for those service providers with tertiary health care centres, given the volume of patients transported to those centres who require return transportation.

Inter-facility transfers: Service providers are experiencing increases in all call volumes since 2000-01. The deployment of emergency vehicles for non-emergency transfers is adversely affecting the ability of providers to

meet and maintain response time standards.

The recommendations for this section are that the province fund 50% of all costs for land ambulance services, including wages, inter-facility transfers, and crossborder billing conveyances through one single funding formula based upon a response time standard. This formula would eliminate cross-border billing and wage caps and provide a financial framework for funding alternative, non-emergency, inter-facility transfer systems; that we petition the Ministry of Health and Long-Term Care to develop the legislative framework for a funding model for alternative medical transportation systems to effectively address the impact of inter-facility transfers on the service provider; and that the Ministry of Health and Long-Term Care provide a one-time supplementary grant to assist service providers in the reconciliation of cross-border billings in conjunction with the implementation of the above-noted recommendations.

In the transportation infrastructure the issues are:

-A lack of adequate funding to sustain municipal roads and bridge infrastructure, both pre-existing and downloaded:

-Alternate funding mechanisms proposed by previous government have not been practical and do not reflect the realities of rural Ontario;

-Provincial assumption of bridges is similarly unworkable because of the natural connection between the bridges and the adjoining roadways. Having the facilities under separate jurisdiction would create considerable logistical and administrative difficulties. Finally, debt financing will only cost the taxpayer more in the long run. It is our view that it is inappropriate to borrow to meet ongoing operational costs;

The Future Directions report identified that the 2003 capital needs in eastern Ontario were some \$21.5 million, not including any estimate of future growth; and

—Operating costs require annual funding of about \$5,000 per two-lane kilometre of roadway.

In this section the recommendations are that jurisdictions responsible for arterial roads and bridges receive a portion of gasoline tax and similar user fee revenues such as recreation user fees, stumpage charges and mineral resource royalties, vehicle plate fees and driver licence fees to support a portion of the capital cost of the transportation infrastructure; and that qualifying infrastructure be selected according to a set criteria recognizing the uniqueness of eastern Ontario, and that those funds be distributed on a life-cycle basis, commensurate with the quantity and character of the infrastructure in their care. It is further recommended that a percentage of the capital cost recovered in each municipality be adjusted to reflect the local ability to generate revenues from the property tax base.

In the social housing portfolio, one of the issues is inadequate capital reserves. Independent studies across the eastern Ontario region have identified among individual service providers shortfalls in capital reserve funds in the range of \$20 million to \$30 million to meet the necessary capital repairs over the next 20 years.

Service providers are obligated to maintain the base number of assisted housing units transferred by the province at the time of devolution; landlords are not. There is the potential for loss of assisted public housing stock. The landlords may have no obligation to maintain public housing units in the marketplace. This has the potential to place a future capital funding burden on municipal service providers once these mortgages expire.

Our recommendations are that the minister responsible for social housing, together with his or her federal counterpart, be urged to provide sufficient funds to social housing providers' replacement reserve funds to meet the future capital needs in a responsible manner. Additional capital reserve funding based on the current number of units per capita for each service provider may be a fair and equitable funding formula. We also recommend that the province, in conjunction with the above recommendations, also investigate the application of alternative tools for capital reserve funding, including, for example, the removal of restrictions on local providers to remortgage the properties for capital improvements, and to invest housing reserves outside of the current investment portfolio managed by the provincial social housing corporation in order to maintain a sound business debtasset ratio and maximize investment returns.

Another issue has to deal with hydro corridors and pipelines. The issues here are the inconsistency in the manner in which hydro corridors and pipelines are assessed and produce taxation revenue. Assessment rolls do not include acreage from hydro corridors on either leased land or easements. The utility is only required to pay taxes on the property it actually owns. Assessment information on these properties is not available through the MPAC.

Our recommendations are that we develop a financial model for one county, being the county of Lanark, which would be used to determine the cost benefit of moving forward with the recommendations to identify and map all hydro corridors and pipelines, to determine whether these corridors and pipelines are assessed for taxation purposes and to determine if the private property owner's taxation liability includes the value of the hydro corridor; that leased land and easements be assessed and taxed in the same manner as property owned by hydro distribution companies; that the landowner be responsible to pay the appropriate property taxation; that taxation of these properties be consistent with similar properties, regardless of ownership; and that this model, once developed, be applied across eastern Ontario.

Crown lands: There are approximately 2 million acres of unpatented crown lands in eastern Ontario. This

property is exempt from taxation or payments in lieu in most cases.

Crown lands generate substantial revenues for the province of Ontario, including land use permits, park usage fees, recreational trails, timber-cutting rights, aggregate use permits, and spinoff revenues such as fuel tax, licensing and sales tax. Many provincial ministries use municipal roadways in order to carry out their mandates on crown lands. Many of the revenues that are generated would not be achievable if not for the municipal road system that is totally dependent upon the local tax dollar.

The estimated potential annual provincial tax bill for upper-tier municipalities alone on these lands in eastern Ontario would be \$2.7 million if they were assessed.

Our recommendation is that the province of Ontario immediately begin negotiations to establish payment of property taxes on crown lands in eastern Ontario.

Tax policies on managed forests and farmlands: The issues here are that assessment in the managed forest and farmland property classes continues to increase through the re-designation of properties into these tax classes, and there are a number of reasons for that. MPAC recently decided to assess the managed forests differently than in the past. This has resulted in large increases in assessment within the managed forest property class. This in turn affects the amount of CRF allocated both to the upper- and lower-tier municipalities.

As more assessment is added to the managed forest class or farmland class, taxes to municipalities decrease, since properties in these classes are taxed at 25% of their assessed value.

The recommendation is that the Ministry of Finance be encouraged to review the CRF allocations as they pertain to managed forests and farmlands so that the original intention of neutrality is maintained.

Tax policies on industrial and commercial properties: One of the issues here is the tax cap. The province's mandatory 5%-a-year tax cap on commercial, industrial and multi-residential classes needs to be phased out. A shortfall in the ability of these tax classes to fund the cap within the class causes an increased tax burden on all other classes, including the residential.

Education tax rates were not standardized across the province like residential education rates were when current value assessments were implemented. Our lower-than-provincial-average assessment in these classes causes inequities for the eastern Ontario areas and hinders the ability to be competitive with areas that have higher assessments in these tax classes.

1120

Tax ratios: Counties have been charged with the responsibility of setting the tax ratios. Changes to lower the industrial or commercial tax ratios will shift the burden to residential property tax classes.

High taxes: Due to the ratio setting and higher education taxes, these property tax classes are faced with higher than acceptable taxes. In order to attract growth and opportunities for business, it will be necessary in the

upcoming years to reduce the tax burden on these property tax classes.

The recommendations are that the province review the education tax rates for the commercial and industrial property classes for all of eastern Ontario and, before considering a reduction in the residential education tax rate, lower the commercial and industrial education tax rates; that the province implement a standard education tax rate for commercial, industrial and multi-residential properties across eastern Ontario; and that the tax cap currently on commercial, industrial and multi-residential properties be phased out with the implementation of reduced education tax rates, and that these properties be allowed to move to taxation on full current value assessment.

Social assistance funding: The issues here are underfunding for social services, Ontario Works and child care administration costs; escalating administrative costs for the Ontario disability support program, which is administered by the province; new provincial initiatives that have placed financial pressure on most consolidated municipal service managers. There is not a consistent formula or approach to CMSMs' administration funding.

Our recommendations are that the cost of administration funding allocation for Ontario Works and child care be adjusted to recognize actual costs; that a future funding formula be developed in consultation with CMSMs based on agreed-upon principles, criteria and service standards, recognizing the increased responsibilities, complexity of delivery and costs; that the municipal-provincial social services working group develop terms of reference to review both Ontario Works and child care policies, program design and administrative requirements and make recommendations to simplify both policies and administrative requirements that impact on workload, with the goal being a new model of program administration funding and service standards for implementation in 2005; and that an exceptional circumstance or mitigation process to review ODSP expenditure issues at the local level be developed to address both benefits and program administration.

The Chair: I want to remind you that you have a little over two minutes left in your presentation time.

Mr McLean: In that case, Mr Chair, I'll move on into the latter part of the report. I'll talk about sustainable revenue, which is on page 21.

The previous sections in this report have clearly outlined the many areas that must be addressed by the province. The potential for large fluctuations in expenditures related directly to downloaded services has made yearly budgeting a difficult process for municipalities. Since we have little or no control on these fluctuations, we must look toward the revenue side of the equation.

If property taxation is to continue to be the main source of revenue, then problems associated with that must be addressed—the tax capping issue. The province must eliminate the special settlements with pipelines, railways and hydro corridors, and while the community reinvestment fund is a good methodology, it requires review as well.

The province must assume its fair share of financial responsibilities for downloaded programs. If we are to work in cooperation, the province must ensure that we are at the table to develop policies on issues that directly impact us.

In conclusion, the problems for the southeastern Ontario counties are numerous and the solutions are difficult, since many require financial resources other than the property tax base. The proposed refund of the GST by the federal government is appreciated; however it is not enough to meet the needs of municipalities in Ontario.

If property taxes are to be affordable, additional funding must be provided to all municipalities. We urge the provincial government to look at all potential sources that may be shared with the municipalities of Ontario. Municipalities require long-term sustainable funding for the future of Ontario.

Thank you, Mr Chair.

The Chair: We don't have time for questioning, but we appreciate your participation before the committee this morning. Thank you very much.

TRENT UNIVERSITY

The Chair: I call on Trent University. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to state your names for the purposes of our recording Hansard.

Ms Bonnie Patterson: Thank you very much. I'm Bonnie Patterson, president and vice-chancellor of Trent University. I have with me, to my left, Susan Clark, who is vice-president, academic, and provost, and Garth Brownscombe, who is acting vice-president, administration.

Let me begin by thanking the government of Ontario and the standing committee for the opportunity to present today and for taking this new approach to consultation across the province. The future prosperity of our province is about much more than what goes on in our largest urban centres, so it's particularly pleasurable and gratifying to have you here today.

This is a very proud community and it's one that is building on strong partnerships and collaborations to chart its preferred future. On behalf of Trent University, I will leave with you a much fuller document to read at your pleasure. I believe they've been circulated to members of the committee. I'd be very happy to answer questions at the end of the presentation, so we'll try to finish up before the time allotted.

I would draw your attention to the charts that accompany the document, toward the back of it. They paint a picture of our institution and that allows me to give you simply a few highlights, knowing a little more detail is available for you there.

For those unfamiliar with Trent, let me provide a very quick overview. We are predominantly an undergraduate institution focused on liberal arts and sciences. In addition to 35 baccalaureate programs, we offer six masterslevel degrees and three PhD programs, in watershed ecosystems, native studies and Canadian studies. Many are interdisciplinary programs. It is a younger university and in the fall of 2004 we will celebrate our 40th anniversary.

Current enrolments have surpassed 7,300 students, which is our largest size ever. We are the region's fifthlargest employer, with just over 800 faculty and staff members. We run a satellite operating in Oshawa and we've done that for over 20 years now on the Durham College and recent UOIT campuses. We deliver a number of collaborative and articulated programs with community colleges in the province, particularly with our local partner, Fleming College. Our relatively small size ensures a primary focus on the development of the individual student. In 2003, Trent University received top class national recognition for academic excellence. It ranked first in Ontario in the annual Maclean's magazine ranking, it was named undergraduate research university of the year in the annual research ranking published in the National Post, and it was first for quality of education in the Globe and Mail's university report card.

We'd like to address two key themes in our remarks today. The first is return on investment and the second identifies local solutions to provincial issues.

The cost to the province of delivering a liberal arts and sciences education is among the lowest of any university-level degree and the outcome of that investment is quite extraordinary. This also holds true for the cost of tuition to the individual who studies arts and sciences. The annual survey of university graduates conducted by the Ministry of Training, Colleges and Universities confirms that Trent's graduates are excelling in the labour market. Four out of every five respondents indicate that they find jobs related to their field of study, and their overall employment rate is 96.2% six months after graduation and over 97% within two years. Numerous programs at our university have 100% placement of their graduates following their studies.

An analysis released in January 2004 by TD Economics confirmed a stellar annual rate of return in income stream for those graduating with post-secondary education and highlighted that weekly wages for university graduates are 61% higher than their high-schooleducated counterparts. Non-monetary benefits confirm that university graduates enjoy better health, a longer life, have better communications and critical thinking skills and greater self-esteem. Average earnings of liberal arts and sciences graduates are competitive to professional program graduates and they have a well-established understanding of social values and our notions of a civic society. And yet, sitting unaddressed for a number of years now are thousands of stranded students, students for whom the universities in the province see no government funding.

1130

To be specific to Trent's situation, we have approximately 500 student spaces—students admitted during the 1990s—which to date are funded solely through tuition

revenue. This inequity of funding represents a revenue gap of over \$1.6 million in outstanding government funding for us and puts an enormous strain on the quality of the learning experience for all students at Trent, particularly when university per-student funding in Ontario is near the bottom of the country and North America. With these stranded students as a top priority for us, we hope the new Liberal government will choose to address them.

Creating a supportive learning environment where students can achieve their full potential not only requires teachers in the classroom and the necessary tools for them to do their study in their chosen fields, but it also requires facilities that can adequately respond to various demands, meet expectations of employers and parents and stand the test of time from a health and safety point of view. We can't do that alone. Trent has been responsive to growth demands and participation rates and, more recently, double cohort requirements. To put that in perspective, in the last three years our student population has grown 32%. First-year enrolments directly from high school at Trent have increased by 50%. This growth puts considerable additional pressure on our infrastructure, whether physical plant, services provided or teaching resources. An ominous picture is emerging of the health of universities' infrastructure, including an estimated deferred maintenance liability of over \$1.3 billion. By the measures agreed to with the government, the facilities condition index for many buildings in Ontario universities depicts a very sad state of affairs. We are no exception.

Trent University has more than \$27 million in backlogs of deferred maintenance on its 32 operating and ancillary buildings. Set in the most picturesque 580-hectare property along both banks of the Otonabee River, our award-winning Canadian heritage architecture, guided by the late Ron Thom, needs help.

Applying the provincial facilities condition index, only three of the university's buildings are in excellent condition, six are fair and 23 are in poor condition or need immediate repairs. The current replacement value of Trent's infrastructure is \$241 million. We need a multi-year approach to increasing funding to address the incredible investment that the province has already made and keep it safe for the future.

The final point I'll highlight regarding ROI relates to research. As you may well know, the province responded to its universities' competitive needs and implemented the Ontario Innovation Trust in the May 1999 budget. This program matches funding available from the federal government's research infrastructure program, the Canada Foundation for Innovation. Our ability to engage in world-class research and technology development is vital. Universities contribute to these programs by raising 20% of required funds from private sources. Provincial matching funds are absolutely essential to enable Ontario universities to compete successfully for federal funding and thus to lever the greatest possible Ontario share of federal research funds. We need a renewed commitment

in the upcoming budget to the Ontario Innovation Trust allowing universities in this province to compete for their share of federal funds and not be left behind in innovation and commercialization of university research.

In our written document we have highlighted several other government programs that are important to the ongoing economic development of this region, but for now let me shift to the second theme, and that is local solutions to provincial issues.

I mentioned earlier that there are areas where we need your help and we pointed out three in particular. So too there are areas where we can be helpful to the needs of broader Ontario. Through innovative programming, leading-edge research and proven success in establishing partnerships, institutions such as Trent are contributing to a stronger Ontario. Universities play a key role in developing high-quality personnel with skills needed in today's knowledge-based economy and citizens who make a difference in their communities. A collaborative initiative in the greater Peterborough area is bringing together private-sector and public-sector partners that will build new employment opportunities and help reverse the exodus of existing and young talent from this area.

The regional DNA cluster strategy has the goal to harness local innovation and builds on existing partnerships between Trent, Fleming, the Ministry of Natural Resources and the current Natural Resource DNA Profiling and Forensic Centre at Trent. Existing expertise in forensics, DNA profiling, analysis and automation, wildlife management, pollution control, disease prevention, robotics and geomatics will be at the heart of the cluster's evolution and participation in the evolving biotech corridor in the province. Continued funding from the province's biotech commercialization and innovation program and the federal government's knowledge-based economy fund are important to the initial stages of the cluster's development. That cluster is already attracting private sector investment. We are addressing regional barriers to the commercialization and diffusion of new innovations through the DNA cluster strategy, which has been identified as a top priority of the Greater Peterborough Area Economic Development Corp.

Trent has been very responsive over the last two years to people shortages in two important areas.

A new consecutive education program will see its first graduates this spring and currently has enrolled 115 full-time and 60 part-time future teachers. We are well positioned to assist the province to develop a larger pool of qualified teachers and future school leaders. In the past 10 years, over one third of Trent's graduates pursued a career in the teaching profession. Shifting demographics in this area are profiled in our written submission, so in the interests of time, suffice it to say that Trent's teacher education programs can assist the government to respond to the teacher retirement surge upon us.

So too we have responded to Ontario's nursing shortage recently, and in 2002-03 introduced a Trent University-Fleming College integrated, collaborative four-year bachelor of science degree in nursing. Currently, 317

students are enrolled in this program. In addition, Trent offered, with one-time government funding, a compressed program in nursing that allowed students to transfer other university credits to the program and fast-track completion of degree requirements in the nursing program. While this program expires in 2004, should the government wish this approach to continue, Trent would be prepared to renew its commitment to offer compressed programs as well as ancillary health-care-related programs, such as the nurse practitioners program, to relieve the stresses in the health care system. A robust nursing profession is essential to support Ontario's aging population and new government emphasis on preventive medicine and wellness.

With its range of arts and science programs, combined with a growing expertise in nursing, the environment, health, and DNA and forensics, the potential exists to develop additional health care programs at Trent. In partnership with an established medical school such as Queen's or the new northern medical schools, combined with the mandate and facilities of the new Peterborough Regional Health Centre, this area could expand training for medical practitioners desperately needed in Ontario.

Trent University has the expertise to support many provincial ministries with their response to emerging public policy issues. For example, in an era of mad cow disease, SARS, the West Nile virus, food safety concerns and illegal poaching activity, the DNA Profiling and Forensic Centre is poised to play a leadership role.

The Water Quality Centre at Trent is a multi-disciplinary facility that utilizes state-of-the-art instrumentation in the development of innovative analytical techniques in the assessment of water quality. Research areas include determining trace quantities of inorganic and organic substances found in natural aquatic environments and other core sources for drinking water in Ontario, the release of pharmaceuticals from waste treatment facilities, and numerous other areas. In our post-Walkerton world, Trent University's Water Quality Centre offers public and private partners access to world-class facilities and award-winning researchers from around the world right here in Peterborough.

To cap off but a few examples of how local solutions can be brought to bear on provincial issues, I'd like to remind the committee that Trent has delivered liberal arts and sciences programs in Oshawa for over 20 years. If you look at one of the last charts in your handout, you'll see that one of our largest catchment areas for students is from the Durham region.

1140

While we've been growing considerably in Peterborough and benefiting from an expanded national reputation for excellence, growth in Oshawa programs has been constrained by the lack of a funding model to support that programming. Almost six years ago, the government supported Trent in Oshawa with a \$2-million capped fund to support student numbers.

Real opportunities exist to expand Trent's degree offerings and spaces there, providing access to Trent's arts and science programs and new leading-edge curriculum in the growing fields of environmental education and tailored programs for health care professionals. The relatively low cost of our degree programs and our graduate employment record make this a worthy proposal for consideration.

Thank you for the opportunity to present today. We would be happy to answer any of your questions that my comments may have raised. We appreciate your taking the time to read our submission at your leisure, and again, we'd be happy to respond to any questions.

The Chair: Thank you. We only have time for one question, going to the government. We have about three

minutes.

Mr Leal: Professor Patterson, thank you very much for your comprehensive submission today. My question is with regard to the mandatory retirement age and lifting the 65. What impact would that have on your university and, from your knowledge, across Ontario and into the community college system?

Ms Patterson: The answer in some ways, Jeff, is, "It depends." If indeed we were asked to implement such tomorrow, we would be in great difficulty. Why? Because the way universities have planned for staffing and support of the double cohort, which is about a five- to six-year period of time, including the first intake and then the flow through, has been to advance hire many professional academics against future retirements. So if you look at the demographics of university professors in the province, you'll see that most of us counted on significant retirements beginning in 2007-08 through to 2010-11. So if we had to implement it tomorrow, we would be in very, very serious trouble.

However, if one looks south of the border, which we do from time to time, when that occurred there, for example, universities were given seven years and, at the end of the seven-year period had to then implement the process. Clearly, it's hard to object to that in principle, in terms of ending mandatory retirement, but at the end of the day we would have an enormous financial burden and challenge in this province if we were asked to do it quickly.

The Chair: Thank you for your presentation this morning.

Mr O'Toole: On a point of order, Mr Chair: I would like to clarify what Ms Patterson mentioned at the opening, that this was a new procedure of having pre-budget hearings with this committee. That's not the case. That has happened for the last decade at least. This committee, finance and economic affairs, has met across Ontario routinely for the last 10 years.

Ms Patterson: This is our first opportunity to present, so let me clarify that.

The Chair: It's not a point of order, but it is a point of information. Thank you very much.

RICHARD BECK

The Chair: I call on Richard L. Beck.

You have 10 minutes for your presentation. You may choose to leave time for questions within that 10 minutes

if you so desire, and I'd ask you to identify yourself for the purposes of Hansard.

Mr Richard Beck: Thank you, Mr Chair. I'm Dick Beck and I'm here as an individual, but I would just mention that I have quite an extensive background in public service. In Peterborough, I was an elected utilities commissioner for some 24 years. For most of that time, I also served on the board of directors of the Ontario Municipal Water Association. I'm also active in a number of community activities. One of them is community care, the other one is the Trent Valley Literacy Association, and also the Ontario audio library service as a volunteer. So I know those operations.

On your program, I believe you saw my wife's name, Barbara. Apparently, due to some mix-up back in Toronto, her name got on there but not mine. Maybe she should have been here, because she's extremely active, and maybe she is better known and that's why her name got on. She will indeed be sending you a written submission, and I believe my written submission has been distributed to you. I'll shorten that up considerably, but please read it a little more at your leisure.

I've been convinced from all the activities I've been involved with and things that are going on that we need a better balance between taxes and services. I'm not going to talk about detailed programs, because you've been hearing a lot about those, and will. I'll just talk about the broad area of the balance between taxes and services, which are of course closely related.

Services give us such things as health, education, social and environment policies and major public services such as water and electricity. They affect everybody. Most people don't seem to like taxes, or they won't admit it, but they are the things that create the present situation and hope for the future. We want a system that's fair to everybody.

Why do we need a better balance? The major tax cuts of the past eight years in particular are the main reason. As a result, there aren't enough provincial revenues to sustain even what I would say are the essential services. In some cases, the government actually borrowed money to give away tax cuts, especially to richer people.

While balanced budgets are the talk of the day, this is extremely difficult to think about today and it has resulted in what I feel is a disgraceful situation in many areas of our provincial life. The present tax levels have no hope of redressing the added burdens on municipalities, inflation or things that might have a good payoff in the longer term, for example, better early education, housing, child care, more health care aimed at prevention rather than treatment, more help to cope with urban sprawl and pollution, more help to conserve on all fronts, drinking water safety, electricity conservation and sound electricity planning and research.

Also, we've been told there is a large structural deficit that must be addressed. That's really why I'm saying there has to be a better balance now between taxes and services. In other words, the tax cuts have been too fast and too large and it's time to move to a better balance.

Where do we go from here? I've outlined in my presentation essentially two paths. The first one I call path A, which is to more or less continue at present. As I see it, this means further squeezing of program costs; maybe tighter rules on eligibility and benefits; eliminate some additional programs or services, especially ones that wouldn't cause too much of a fuss; maybe increase some service fees, especially if they don't look like tax cuts; and don't introduce too many new programs, regardless of how badly they are needed or what kind of payoffs they might have in the future.

Without a change, there are bound to be more service contracts going to the private sector, even though that leads to lower-paying jobs, more temporary or part-time jobs without benefits and poorer service that can have bad outcomes that you don't think about. Also, I would not like to see more private sector contracts for construction or leasing of major facilities just in the interest of providing temporary financial relief. Almost invariably, there is loss of control and higher long-term costs, both to the government and directly to consumers. So that path is not a good one. I won't go into the details, but the problems kind of define themselves. I certainly wouldn't recommend it.

The next path, which I call path B for "better"—better balance—involves an immediate start on restoration of a reasonable balance between taxes and services. I would like to see that adjustment made in such a way that it could be effective this current calendar year and essentially be complete within the next two to three years. I would like to see it become more progressive than it is now, not more regressive.

We should adopt policies aimed at protecting and enhancing our long-term interests, for example, 20 years out. I think this should be basic to any government programs, not just the length of the elected Parliament. It doesn't matter who is in there, it's the same situation. In addition, we have to insist that, whatever government it is, it continues to root out inefficiencies and bad practices so that citizens feel their tax dollars are well spent. That's a big point with everybody.

Another thing we should be doing is developing a stronger system for periodic evaluation of programs, practices and accountability, and we should be insisting on open and accessible government, with strong voices not just for the general public but for our MPPs.

If we embark on this path, which I certainly recommend, we can expect to see big improvements in social services, better outcomes in the long term, a more effective Parliament and better assessing of policies and programs for costs versus benefits. We can expect to see a healthier, happier and more productive and competitive society and a more stable and progressive environment for both large and small businesses. I can certainly recommend that.

In conclusion, we don't need more studies about what needs to be done. I think there's lots of advice out there, and you're hearing a lot of it on your tour now. My plea is, and I urge the government, to take control, take the actions that are needed and wanted by your electors. Thank you very much.

The Chair: Thank you. We don't have time for questions, but we certainly appreciate your brief to the panel this morning. This committee is recessed until 1 o'clock.

The committee recessed from 1152 to 1305.

GREATER PETERBOROUGH CHAMBER OF COMMERCE

The Chair: The standing committee on finance and economic affairs will please come to order. I call upon the Greater Peterborough Chamber of Commerce to come forward, please. Gentlemen, we have some difficulty with your presentation in terms of the hardware etc, but everyone has a copy of your presentation in front of them. So you have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you desire. I would ask you to identify yourselves for our recording Hansard.

Mr Bill Casey: Thank you. My name is Bill Casey. I'm the vice-chair of the Greater Peterborough Chamber of Commerce.

Mr Dan Stanford: I'm Dan Stanford. I'm chair of the Greater Peterborough Chamber of Commerce.

Mr Casey: The chamber has been around since 1889 in Peterborough. It started as a group of concerned businessmen and women looking to improve the way the community was functioning in terms of its business and to set professional standards. We still adhere to that. The success of our chamber is quite remarkable for a community of our size. We have over 800 members of the chamber of commerce in the community, and we take an active role on both the Canadian Chamber of Commerce and the Ontario Chamber of Commerce in policy discussions and issues of public policy.

We did a survey of our members to assess what issues were of concern to them as independent businesses, small businesses, public sector institutions, medium-sized businesses and large businesses. Peterborough is fortunate to have a wide variety of different organizations in the community.

Some of the key elements that were of concern to our members were the level of municipal property tax assessment and the role that market value assessment has played in rising municipal tax rates. Another area of concern was utility costs and the potential of higher costs given the rollback of the rate cap in April. Of course, like other communities, we're faced with challenges in accessing foreign markets for our products. As an agricultural sector, the mad cow crisis has had a tremendous impact in our community. In the tourism sector, between SARS and West Nile, they've also been impacted, and we do have a large tourism sector in the Kawarthas. Another factor that's impacting economic competitiveness for small communities and small businesses in particular is the rise in insurance costs. That's impacting both small- and medium-sized businesses. One of the biggest areas of concern for our community is the ability

to recruit knowledge workers and skilled trades for our industry and for our knowledge-based industries, as well as construction industries and other labour-intensive industries.

So after reviewing those, we asked for some recommendations from our membership that we could offer to the committee. One of the things was, in looking at giving access to municipalities for some of the tax revenue from gas tax, I think we need to ensure that it goes to the right purposes and to ensure that, if possible, some of the municipal tax rates are lowered as a result of that increased revenue going to municipalities.

We also think that it's very important that the government recognize the impact of the rising utility costs on small- and medium-sized businesses as they go forward in April to deal with that issue.

1310

We would also recommend a very active and aggressive marketing and promotional campaign that the government could get into to promote not only our tourist industry, but our agricultural products to other markets. Of course, the business community in Peterborough would be very eager to participate in some sort of initiative like that.

The government might want to consider providing some incentives to the insurance industry to ensure that there are low competitive rates for small- and medium-sized businesses so that insurance rates don't escalate beyond the point that businesses can be competitive in a rural market.

The five largest employers in Peterborough are public sector institutions: the hospital, the school boards, Trent University and Sir Sandford Fleming College. Quaker Oats is a private sector institution and so is GE Canada, but the importance of the public sector in our community is really phenomenal. In a time of fiscal constraint, if excessive burdens are put on those public sector institutions to roll back costs, it has an impact not only on those organizations, but on the entire community. I think the government needs to recognize the impact of some of these large public institutions in a small, rural economy.

Some of the priorities that we recognize as a business community for the government to pay attention to and address in their upcoming budget are health, energy, education, promotion and marketing, tax competitiveness and debt reduction.

In Peterborough, there are a number of opportunities for the government to make an investment and support the community. I'm sure you'll hear about some of these initiatives in more detail as your hearing goes on today. But key among them are tourism. The DNA cluster project at Trent University is a phenomenal opportunity for the government to invest in our community and also have a decidedly great spinoff effect to other communities throughout the province. There's a new hospital the government has committed to build in Peterborough, and with the aging demographics we face as a community, that's going to be an enormous asset in our ability to bring people and businesses to the community.

Sustainable health care is a key aspect of growing a rural economy. Of course, primary care reform, which I trust you heard from Dr Swales and Dr Mann this morning, is a huge issue in this community. The ability of businesses to attract people—it's very difficult, when there's no access to a family physician, to get young, ambitious, family-oriented professionals to a community of this size, if they can't access a family doctor.

In going forward, as a chamber we would encourage the government to work with local businesses to find efficiencies to work together to deliver public services in a more collaborative and innovative manner. Of course, the businesses in Peterborough and the chamber of commerce would be very eager to work with the government in pursuing innovative solutions and finding efficiencies that allow the government to have the resources to invest in those key funding priorities that as a business community we have identified.

On behalf of the Greater Peterborough Chamber of Commerce, I would like to thank you for coming and giving us the opportunity to present some of our issues to you.

Mr Stanford: The only other thing that we would like to reinforce is the point that we recognize a considerable danger in organizations such as ours talking about all the things that we'd like to have, including lower taxes, which obviously are the source of revenue for most of those functions. We are very open to listening to your issues and trying to do whatever is possible to help address them. We recognize they exist, but this particular circumstance was to talk about the things that we wanted, so that's what we did.

The Chair: Thank you. We have about three minutes per party and we'll begins with the official opposition.

Mr Frank Klees (Oak Ridges): Thank you very much for your presentation. You referenced tourism as a key economic mover in this area. The last time I was in Peterborough, I was here as the Minister of Tourism. We conducted consultations at that time. One of the issues that was tabled was the need for access to capital for the tourism sector. It's very clear that the financial sector is reticent to advance capital for expansion of existing businesses or start-up.

At this committee's hearing in Thunder Bay I tabled a motion with the committee that would encourage the Minister of Finance to initiate an access-to-capital program for the tourism industry, as well as to enhance marketing funds for the industry. I'd like to get your view, your perspective, on the level of priority for those two initiatives.

Mr Casey: For access to capital?

Mr Klees: Yes.

Mr Casey: In order for any industry to expand they really do need access to low-cost capital. In the tourism industry in particular it is an issue because there is high risk now because of SARS and because of West Nile. These are incidents that have impacted on the economic viability of tourism operations throughout the province, not just in Peterborough and the Kawarthas. Anything

that the government could do to facilitate access to capital or even to guarantee bank loans on behalf of certain private sector operators would be very beneficial, I think, in the expansion and health of that industry.

Mr Klees: If I could follow up briefly, with regard to marketing dollars, there are a number of jurisdictions where the industry is moving forward on a voluntary room levy to generate marketing dollars. The proposal that I made was that the government should consider a matching dollars fund that would support marketing within this industry. Again, your take on that—would

you be supportive of a program like that?

Mr Casey: Certainly. Additional resources are always welcome. One of the things that we did as a chamber when we recognized the impact that SARS was having on our tourism industry is we facilitated a trade show of the tourism sector and the independent operators in the community. I believe that was in June of last year. At that trade show we also brought in major corporations in the community or around the community to look at the calibre of the tourism operators in our community and to show them that they didn't have to go to Niagara Falls, or they didn't have go to Collingwood to find opportunities to have retreats and sessions for their management, that those facilities in our community were very capable of handling it. It was very successful. The tourism operators were very supportive of that and benefited from it. So there are opportunities for self-help in this as well. It isn't all just about government handouts; it's about encouraging a community to find ways to solve their own problems.

Mr Klees: The real key is marketing, isn't it? You have to get the message out that these opportunities are here, the attractions are here. Without that marketing, how will people know?

Mr Casey: No, and that's one of the reasons why we indicated that marketing and promotion on the part of the government in support of our industry would be very welcome.

The Chair: We'll move to the NDP.

Mr Prue: I have a number of questions; I'm going to try to be really fast. You were talking about the cities getting the gas tax, the two cents that was promised by the Liberals during the election campaign. But you also made a statement that you believe that should offset the property tax. How would the city be any further ahead, especially a city like Peterborough, where the mayor today said they really need money? What would be gained by reducing the property tax by the same amount that you get in gas tax?

Mr Casey: I believe we mentioned that, because of the municipal tax burden as it exists right now, if there was an opportunity for a portion of that two-cent gas tax to go to a reduction, then the government should consider helping municipalities to find better ways, more efficient ways to deliver the services they're being asked to

deliver.

Mr Prue: Well, then I'll jump right to the next one, because the next one, which you have three full slides on,

is, "The government must work closely with the business community in the promotion of this province" and "opportunities for partnerships." Now, I read that, and it looks like code words for contracting out, which seems to be diametrically opposed to what you said about the big institutions in Peterborough. Are you advocating contracting out those services?

Mr Casey: No. What we are advocating as a business is that there are opportunities to find efficiencies within our community in working in partnership, in working closely with government to find ways to deliver services more effectively; that there are more resources to dedicate to those in greatest need.

Mr Prue: How is that done? Would you ask the government to take on government work? I'm not understanding. How do you find efficiencies for government unless you start doing government work?

Mr Casey: There are opportunities to deliver services that can be done in the private sector more cost effectively than they can be done in the public sector.

Mr Prue: Could you name me one?

Mr Casey: Actually, as a chamber we deliver the licensing bureau for the province of Ontario. It's a very effective means of lowering costs. Because we were able to deliver that service at a lower cost, the government now has funds available that they can dedicate to other funding priorities, like health and education.

Mr Prue: So that's the licensing bureau here in Peterborough?

Mr Casey: Yes, the licensing bureau in Peterborough. It's examples like that and looking to find similar efficiencies within what government does.

Mr Prue: I still have time. You have a statement here to "provide incentives to the insurance industry to ensure that rates for small- and medium-sized businesses are affordable." Are you asking for a subsidy for the insurance industry?

Mr Casey: No, we're just suggesting and putting forward the idea that there could be a dialogue that would ensure that the insurance industry is fully cognizant of the impact that their rates are having on the ability of businesses to hire and employ people in small communities.

Mr Prue: You don't think they're aware of that now?
Mr Casey: I think we need to keep it in front of them as an issue.

The Chair: We'll move to the government.

Ms Judy Marsales (Hamilton West): I'm very pleased to see the chamber here. Small business represents such a key component of the Ontario economy. It seems to have been missed in a lot of the presentations we've received over the last couple of weeks, so I'm really happy to have you here.

I have a question with respect to one of your slides. I find it a little incongruous, actually, that in terms of your "public funding priorities," you've listed "health," "energy," "education," "promotion and marketing." But then you've got "tax competitiveness" and "debt reduction." It seems to me that one does not necessarily

equate with the other. Money is coming in the right hand and going out the left hand. Could you give me some indication as to how you see this coming about from a government perspective? I'm from Hamilton, and our small business sector is very concerned about the potential tax competitiveness issue. Certainly we are responsible and are very concerned with debt reduction. How do you see that working with respect to your other funding priorities?

Mr Casey: From our perspective, the two are very intertwined. Tax competitiveness is very much tied to debt reduction in that, if the debt is allowed to increase exponentially, then ultimately within a few years you will have to raise taxes and decrease your tax competitiveness in order to fund the added liability that you've incurred

through allowing the debt to grow.

What we're really looking for is a balanced perspective, where the priorities are set and there is a rational discussion about how to fund them. One of those priorities needs to be tax competitiveness, because if we aren't competitive as a tax jurisdiction, then our businesses aren't competitive with other jurisdictions that we compete with, whether it's Michigan, Quebec, Manitoba or New York. We have to be very cognizant as a group, as a province, of where we are in terms of our taxation policy.

Part of our focus is on municipal taxation, because all of this comes from one source, whether it's provincial, whether it's federal, whether it's municipal. Local businesses are paying those taxes, and for them to compete with other jurisdictions, we need to have a very rational and coordinated tax regime.

Ms Marsales: But in your funding priorities, you've got health, energy and education, which we've already heard from quite a number of presenters are requiring more funding. So how does that equate with potential tax competitiveness and, ie, a tax reduction?

Mr Casey: In the latter part of our presentation, we talked about trying to find efficiencies within government and working with the private sector to deliver different services in different ways to come up with some of those efficiencies that could be reinvested into those funding priorities; so trying to maintain the balance and ensure that the priorities that we see as a society are fulfilled in the most cost-effective way possible.

The Chair: Thank you for appearing before the committee this afternoon.

KAWARTHA HERITAGE CONSERVANCY

The Chair: I call upon the Kawartha Heritage Conservancy. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you so wish. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr Ian Attridge: My name is Ian Attridge. I'm counsel to the Kawartha Heritage Conservancy, which is a local land trust based here in Peterborough, in this area.

I'm also a director, and we call them governors, of the Ontario Land Trust Alliance, which is an alliance of 40 organizations involved in similar activities to our own local group.

Mr Terry Rees: My name is Terry Rees. I'm a former director of the Kawartha Heritage Conservancy, and I'm a member of the Federation of Ontario Cottagers' Associations' environment committee. So we have an interest in land trusts that overlaps with the Kawartha Heritage Conservancy.

Mr Attridge: Thank you very much for this opportunity to present to you today. I believe you have a package that has now been distributed to you. Great. I'll be speaking from that and hitting some of the highlights, but I hope that you'll have a chance to look at more of those details in the future.

The Kawartha Heritage Conservancy is a land trust, as I mentioned, and it is a non-profit charity. We're a voluntary organization that's involved in securing lands, essentially working with landowners directly to protect significant ecological properties. We do that by receiving donations of land and also entering into partnerships called conservation agreements that will protect significant lands. There is a federal income tax benefit for that through the federal ecological gifts program.

Currently we have about 15 landowners willing to give us either an agreement or the actual title to their lands, covering some 2,000 acres, and there are some additional lands available for purchase of ecological significance in this area. They are certainly provincially significant wetlands on the Oak Ridges moraine; they are essential for protecting very rare prairie remnants, an ecosystem that has largely been eradicated in the province; and also for trails, endangered species and a number of other benefits protecting headwaters.

We are strategically focused on this mandate. We only work on strategically important properties. We do that in a collaborative win-win arrangement with landowners. But we're not alone in this enterprise. As I mentioned, there are 40 land trusts across the province. You have a map of where they are active—or most of them; we have a few more recent members not on that map. It's at the back of your piece.

We have about 50,000 volunteers and supporters involved in this enterprise. A couple of nearby agencies are the Couchiching Conservancy over near Orillia, which has protected about 4,600 acres, including working on a very important provincially significant site along with Ontario Parks, and the Oak Ridges Moraine Land Trust, another one of our collaborators in this enterprise. There are also local conservation authorities that are engaged in protecting important lands. Dick Hunter, from Conservation Ontario, is here in the audience. He can speak to conservation authority concerns if you have any in that respect.

When we acquire these lands, they don't generate income. We do this by voluntary activity, typically without government grants, without public funding. We receive these lands as donations, and we manage the

lands ourselves. We do this without a burden on the taxpayer. These lands put very little demand on public services. These are vacant lands, typically. If there are any buildings on them, they pay residential taxes as any other residents would do.

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By acquiring these lands, we're helping to achieve a variety of provincial objectives. These include sound land use planning, establishing greenbelts and corridors, protecting natural heritage and farmland, water source protection, in some cases facilitating trails and, of course, supporting this kind of green infrastructure that supports our economic activity in this area, particularly reliant on tourism, natural resource activities and a quality of life that really has been shown again and again to draw businesses and keep people in our communities, something that many of us our concerned about.

When we acquire these lands, there is some evidence that these are actually causing an increase in the value of nearby lands. I have some numbers in there. I won't dwell on them, but a couple I might point out. Bullet 3 at the bottom of page 2: When parks have been established, we've seen that lands that are located near to parks or greenbelts, water, have seen increases in their value, compared to others further away, of \$24 for every metre closer to a park; \$12 in Hamilton, \$21 closer to water in Hamilton in that case. If you turn the page, you'll note that that is contributing to an increase in the assessment and the tax dollars that both the provincial and the local governments are obtaining. We need some government support in order to allow us to carry forward with these activities.

The first area is in terms of property tax incentives. You may have heard of some of the problems with the managed forest tax incentive program. Where that incentive program has been adjusted, the Municipal Property Assessment Corp is coming up with new evaluation systems that are not recognizing the Ministry of Natural Resources programs to encourage landowners to keep these lands as forests, contributing many important ecological and economic values. That is one challenge. We recognize that there is an internal government review on that managed forest program. That will help, we hope.

But it's also linked, and we hope that it will be linked in some fashion, because there are similar issues with the conservation land tax incentive program. That program is essential to land trusts, conservation authorities, in some cases cottage associations, in order to ensure that when we acquire lands, our tax burden for maintaining that in the public interest and the many values it does provide is not overwhelming for us at residential rates. We need that conservation land tax incentive program and the managed forest program to work better, as it was originally intended.

There have been many submissions on improving that, and I'm sure you may receive others in your deliberations. We encourage you to add your voice to ensuring that those programs will work effectively.

The second aspect of property tax incentives, part of that conservation land tax incentive program, is the community conservation lands component. That is where land trusts or conservation authorities are able to acquire lands and be exempt from property taxation because they are not providing a demand on municipal services. They are also providing important ecological and economic benefits in the community.

This program was put on hold by an administrative decision back in 1997, when the assessment system was converted over to a number of changes. That got inadvertently entrenched in regulations. There has been a number of rounds of consultation, and we're hoping that that can be moved forward so that we'll have a match between this property tax system, for which the province has responsibility, and the federal ecological gifts program that provides an income tax benefit. If we can match those up, it will make it much easier to work with landowners.

The third area is these conservation agreements, long-term permanent agreements to protect properties, but still allow landowners to maintain and live on those properties within the conditions of those agreements. Those are currently not recognized within the Assessment Act. The common law easements and covenants are recognized there, but these are not. These are held in gross. There is no nearby land that will benefit. The Assessment Review Board has had problems dealing with this on a one-off basis. MPAC is starting to understand it, but we've got a ways to go. What I would ask is that we move forward with a simple amendment in order to clarify that assessors would take these agreements into account. That's in place in legislation in BC and also a number of US states.

Finally, MPAC has apparently been refusing to share its data with even the government ministries that are involved in administering some of these key programs. If there were a data sharing arrangement dealing with freedom of information types of issues, I'm sure that we would find government efficiencies so that field officials don't have to run around in municipal offices and look up individual records. They can do their work, they can contact landowners and they can work with them without that excess level of activity that could be facilitated easily by sharing that data from MPAC. So, we hope that can increase government efficiencies, save some dollars and ensure better co-operation between a number of government agencies.

The final point is that we need some sustainable securement funding. Our Ontario Land Trust Alliance has been able to create leverage of about one to 30. The numbers in 2002 are on top of page 5: \$150,000 in private grants helped us secure about 3,000 acres worth \$4 million. That's substantial leverage. It's an investment in the many economic and ecological benefits. We can help deliver that through our association without some of the overhead that governments may have to incur.

There is the ecological land acquisition program. We hope that can be extended and that it might be able to tie in with an allocation of the provincial land transfer tax, something we feel might work as it does in other juris-

dictions in the United States and also in BC, I understand, where as development pressures increase you're seeing a conversion of properties. That produces more revenue into the fund. That's the time when we need more money to protect some of these properties.

Certainly these kinds of funding programs receive considerable public support, whether it's the moraine issue we've all seen over the last few years, the responses to the Walkerton tragedy and certainly voters' ballot initiatives in the United States are demonstrating that millions of dollars can be supported by the public in order to fund land securement. We are looking for something much more modest than that, really a continuation of the program, but perhaps a linkage into that land transfer tax.

In summary, we do need to address some of these tax incentives, and we need a bit of funding to help us leverage these important lands into charities' hands, into hands for the public interest to produce many benefits. Mr Rees may have some further comments to add.

Mr Rees: Thanks, Ian. I wanted to add on behalf of the approximately 50,000 individual landowners who are surrounding the lakes across Ontario that are represented through FOCA's—that's the Federation of Ontario Cottagers Association—interests, who are seeing an increasing burden in rural Ontario that they're bearing in relative terms, especially in the realm of current value assessment. One of the main objectives of FOCA is protecting Ontario's water resources for the long term, and the most effective way to do that is through encouraging stewardship of private lands. Without some of the mechanisms Ian has described to you in place, it becomes increasingly difficult in the face of current value assessments, and without those tools to have that long-term stewardship registering on title of protective measures. So, as a key part of service water and source water protection in the province, we feel strongly that the Ontario Land Trust Alliance and the mechanisms that are in place and should be utilized be maintained and enforced. That was my main point.

Also through a number of other landowner groups, including the stewardship councils, who represent private land interests, not just of the cottager but of agriculture and woodlot owners across this region, there's a number of people who hold significant holdings of private lands who have had their ability to hold on to those lands in conservation for the benefit of all society impacted by the fact that some of the provisions MPAC is meant to be upholding have not been upheld. I appreciate the opportunity to mention those today.

The Chair: Thank you. We have about two minutes per party, and we'll begin this round with the NDP and Mr Prue.

Mr Prue: Thank you for your brief. It's very technical. I'm going to have to go do some research on this. I'd like to zero in on MPAC. The problem you have with getting data from them I think is almost universal. I hear it from my own constituents; I hear it from people who own cottages. What do you think this government should

do in terms of forcing MPAC to open up the information that I think is valuable to all of us?

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Mr Attridge: The Ministry of Finance does have the power to direct MPAC through the MPAC act. I don't believe that power has been fully utilized. I believe that there are some freedom-of-information-act interpretations that need to be clarified. Perhaps that issue, the nub of it, can be identified, and if legislative changes are needed, that would be where the committee could make important recommendations.

Mr Prue: Do you believe that the changes need to be made or that the attitude of MPAC needs to be changed? I don't want to go down the road of hearings and changes to laws if a phone call to the chair would resolve all this.

Mr Attridge: It would be helpful if a phone call to the chair would resolve some of these issues. I'm sure we'd all like to see that. I understand that MPAC believes there may be a freedom-of-information issue. I find that quite a challenge, given the fact that here we have entrusted in your own legislation the Ministry of Natural Resources to administer two tax programs and OMAF to administer the farmland program. Surely that agency established should be sharing that data and creating efficiencies in government so we can use that taxpayers' money in a more effective way.

Ms Marsales: Thank you, gentlemen, for your presentation. I have a question with respect to page 2 and was wondering if I might have a copy of the data that you've used in the production of these numbers. I have a bit of first-hand knowledge of Hamilton and the cost of land and so on. Up until the last year and a half, the closer to the water, the less attractive the property was to the people in Hamilton. I'm interested in the geographic area that you used to assemble those numbers as well as which years they were based on. If you wish to speak to that, I'd be most interested.

Mr Attridge: Yes, that comes from an Environment Canada study of five remedial action plan sites around the province. Tom Muir at the Canada Centre for Inland Waters in Burlington—you'll know that location—was involved in doing the research.

Ms Marsales: Was Burlington in that study? I'm not familiar with the study.

Mr Attridge: Yes. It was a report put out by Environment Canada.

Ms Marsales: So it wasn't strictly just Hamilton, then.

Mr Attridge: I believe it was focused on Hamilton itself, but the Canadian centre where that researcher was based is in Burlington at CCIW.

The Chair: We'll move to the official opposition.

Mr Klees: Thank you, Chair. I just want to put you on notice that I do have a motion that I'll be presenting later on in the proceedings.

The Chair: We'll deal with that at the end of the day,

Mr Klees: Thank you very much for your proposal, and by the way, I'm with you on the issues of MPAC.

This government is going to have to do much more than make a call to the chair. We have serious problems there.

Mr Mike Colle (Eglinton-Lawrence): Yes. You created them.

Mr Klees: The fact is that you are the government, sir, and it's about time you understood that, and you've got some work to do.

With regard to your presentation, I think you've touched on a key principle, and that is the issue of taxing lands for which really there is no demand for public services. What I think I hear you saying is that if the government could get this principle properly coordinated with the incentives that are there to gift lands, then I think we've gone a huge distance toward resolving the kinds of challenges you're facing. I think, if I boil your presentation down to that one issue, we would go a great distance toward solving this. Would you agree with that?

Mr Attridge: Yes, I think so. I think to integrate a number of programs and ensure that all the signals are sending the right message, from the property tax system through some of the grant programs, and even including the federal tax programs, ecological gifts program, let's make sure they line up and create the right messages. It makes it a lot easier for us to do our job and saves a lot of money on the government's behalf.

The Chair: Ms Marsales asked for some information. If you would provide that to the clerk, he will provide it to all members of the committee. Thank you for your presentation today.

PETERBOROUGH COMMUNITY HOUSING DEVELOPMENT CORP

The Chair: I call on the Peterborough Community Housing Development Corp to come forward. You have 20 minutes for your presentation. You may leave time for questions if you so desire. I would ask you to state your names for the purposes of Hansard.

Ms Frances Adams: Γm Frances Adams. Γm the executive director of the Peterborough Social Planning Council.

Ms Casey Ready: I'm Casey Ready. I'm executive director of the Community Counselling and Resource Centre.

Mr John Martyn: I'm John Martyn. I'm chair of the Peterborough Community Housing Development Corp, chair of the new supply committee for the Affordable Housing Action Committee and chair of the Peterborough Affordable Housing Foundation.

Ms Adams: We're here to share with you three different aspects of human need here in Peterborough city and county. I'm going to speak specifically to income security.

The Peterborough Social Planning Council has grown increasingly alarmed over the past 10 years as we have witnessed greatly increased deprivation among low-income families and individuals in both the city and the county. This past spring, for example, we were involved in the Inter-Faith Social Assistance Reform Coalition

hearings here in Peterborough, where about 50 people shared their experience of poverty and their recommendations for change. I have enclosed a briefing paper that the social planning council prepared for those hearings as well as a summary of the report on them.

One of the people interviewed during those hearings was homeless, and he described our community as "a wasteland where I wander, trying to find food and warmth and try to remain anonymous and unseen." This is not the community that most of us directly experience,

but it is the growing reality for many people.

A few years ago the Ontario Non-Profit Housing Association reported that Peterborough was the homeless capital of Ontario. While that moniker wasn't quite fair, the study did find that of 22 cities in Ontario, including Toronto, Peterborough had the highest rate of tenants paying more than 30% of their incomes on rent. The affordability crisis in Peterborough has resulted in increased homelessness; increased reliance on food banks, discretionary benefits and emergency financial assistance; and increased reliance on assistance from faith groups, community groups, service clubs and so on.

The lack of affordable housing has been the dominant social issue in the last few years because it is, of course, the largest single expense for most people who are poor. The community has responded in a myriad of concrete and promising ways, with little help from senior levels of government. Affordable housing advocates have always recognized that inadequate incomes are as much a part of the equation as inadequate supply. Incomes here in Peterborough city and county tend to be considerably lower than they are on average in the province. The median household income in Peterborough was only 81.9% of the Ontario median. That's from the last census. Certainly our cost of living is not that much lower than the provincial average, if at all.

Poverty rates vary among different demographic groups. Nearly one in five elderly women lived below the low-income cut-off. The poverty rate for individuals in this city was 41% in 2001, and for female lone-parent families with children under six it was a phenomenal 71%, and 22% of children under six lived in households that were poor.

Briefly, I just want to speak to the recommendations from the Peterborough Social Planning Council.

We call on the government to increase the minimum wage more quickly and substantially. Seven dollars and 15 cents is not a living wage. It doesn't lift a full-time employee with no dependants above the poverty line. Approximately one third of low-income workers are the sole breadwinners for their families, and these families are desperately poor. Again, referring back to an interview in those spring hearings, one person said, "You work hard but don't seem to go anywhere. It's getting worse every year [and it's] hard to feel part of society."

We call on you as well to increase social assistance rates immediately and institute a cost-of-living adjustment. The Premier has said that the Liberal government is dedicated to seeing monthly payments increase as soon as possible for ODSP recipients. We ask that the differentiation not be made between ODSP recipients and other social assistance recipients. That differentiation supports the belief that some people are deserving poor and others are undeserving.

We urge you to immediately end the clawback of the national child benefit supplement, a shameful federal-provincial shell game. Peterborough is one of only two communities in Ontario we are aware of that has returned the municipal portion of the clawback to families that the Ontario government has withheld it from, and we're quite proud of that fact. These families told us repeatedly that they would prefer the dignity of direct assistance to their families rather than indirect support through community programs.

Perhaps the key word in my presentation is "dignity." A healthy community and healthy province is one where people can meet their basic needs and hold their heads up in public, not seek invisibility and anonymity.

We ask you to remember that social and economic justice is in everyone's interest.

I'll turn it over to Casey.

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Ms Ready: My name is Casey Ready, and I'm the executive director of Community Counselling and Resource Centre. Thank you for the opportunity to speak today.

Community Counselling and Resource Centre is a multi-service agency serving Peterborough city and county. Our services include counselling, credit counselling and housing support. Today I will address issues related to these services and to the not-for-profit sector as a whole.

With me today in the audience is the president of our board, Marshall Elliott, and he is supporting our recommendations as well.

The specific service issues I wish to raise are, first, that in 1995 provincial funding providing access to counselling services for low-income people was eliminated. Low-income, at-risk families no longer have access to services when they need them because they have no means to pay for them. While they wait for up to seven months for service, families in difficulty lose hope and relationships break down.

We ask you to support the recommendation of Family Service Ontario to invest \$16.8 million annually in family service agencies for family counselling services.

Provincial support for two other services provided by our agency has also ended over the past 12 years. Our credit counselling service was provincially supported until 1992, at which point it received up to 60% of its operating funding from the provincial government. These are critical services that assist families and individuals to prevent and deal with problems of increasing and unmanageable debt.

The provincial support for our housing help services was eliminated in 1996. The loss of government support for housing services led to the closure of our housing resource centre in 1998. With the increased pressures of

growing poverty levels and the lack of creation of affordable housing, this was a significant loss to our community. While we have been fortunate to receive support through the city and county of Peterborough and the United Way to maintain this service, this is an essential service that requires provincial funding for all communities across Ontario.

We recommend that the provincial government reinstate funding for credit counselling services and housing help centres to ensure a base level of support across the province for those facing financial difficulties, those who are homeless and those who are at risk of becoming homeless.

It is important to recognise that the erosion that has occurred in these social services is reflective of an erosion overall in the social service and voluntary sector over the past 10 years. Many social service agencies received cuts in their funding from the provincial government in 1995 and have received no increase since then.

Using the example of the agency I represent, the provincial support for our services reflected over half of our budget in 1995; in 2002, this was reduced to less than a quarter of our budget. This has led us to rely more on short-term and project funding, with constant staff changes as grants begin and end. It's difficult to maintain expertise and momentum in services when we are operating them opening and closing like an accordion. In this month alone, our small agency is suffering from the loss of five people due to project funding ending or insufficient funds to maintain services.

The programs we offer assist people dealing with personal, financial and housing problems. As indicated earlier, every one of these programs has lost core funding support from the provincial government over the past 12 years. In addition, these services do not have government funding-we haven't had any increases. Even where we have government funding, we've had flat levels of funding, which also, it's important to know, erode a program both in terms of each staff member in the program receiving less funding in each year for their position, and then people tend to leave, and if you do give an increase in funding, it's at the expense of the service. We encourage you to stop the erosion of the important services offered by this sector by ensuring that the provincial budget meets the promises to address the social deficit in Ontario.

Mr Martyn: Mr Chair, ladies and gentlemen, I've asked to have the Chair receive two copies of a major study that we have just completed here in Peterborough entitled Housing Needs Analysis and Strategies for Peterborough City and County. Our county and city governments have not yet had a chance to receive reports from staff on this report, which is the reason we felt it was not appropriate to distribute copies to everyone. But I'm sure that if anyone is interested in receiving the full report, you're welcome to. The key thing I would say about that report is that, as far as we can tell, it's one of the few major studies of the housing needs in communities of this

size, and so probably has application to many other communities.

We are also here today because there are three local projects that have been on the books, a total of 120 units. eagerly awaiting the provincial government to deliver on the promise of matching the federal allocation of \$25,000. Since the city of Peterborough has passed a capital facilities bylaw allowed by the Municipal Planning Act, and a number of incentives in council's approval of a report called Taking Charge are now available, it is reasonable to expect that the total per unit grant will be in excess of \$70,000. That is \$25,000 from the federal program, which was announced in 2001, and \$25,000 from the province. If you'll recall, the previous government had agreed to provide only \$2,000 of that \$25,000, and the current government has promised to match that. As well, since our municipal council had come up with \$23,000 per unit in terms of incentives and various waivers of fees, it's quite possible that we could move forward with a \$70,000-per-unit allocation.

Peterborough has an aging stock of houses—the evidence is quite clear—that is greater than the average for the province as a whole. In its May 2003 report on housing, as some of you may remember, the Toronto Dominion Bank recommended the value-added approach of acquisition and rehabilitation of existing buildings and centre-city land for infill as an immediate way of generating a new supply of affordable housing. The Peterborough Community Housing Development Corp has become well known across Canada for this approach. We use a multi-layering of sources to develop housing at a rent lower than market. Despite our best efforts, however, although lower than market, without senior government assistance it is impossible for us to offer a level of rent that is genuinely affordable for our tenants and still manage to sustain ourselves.

Peterborough Community Housing Development Corp is a private, incorporated, non-profit housing provider operating since 1999 without subsidy. Our first project was a large 90-year-old derelict house in the centre core given to us by the city. We converted the house into two-bedroom apartments which we rent at \$400 a month. That is, on average, \$250 less than market here in the city. The house is located on a large property. In August 2003, we received a \$50,000 capital grant from a large Canadian foundation to build a duplex with two three-bedroom apartments on this lot.

The apartments will be rented as transitional housing for families. The lower unit will be totally accessible. In December 2003, Peterborough had a total of 155 persons on the waiting list for modified housing. The family resource and early childhood centre is directly across the street from this new building and its services will be available for the tenants.

Our planning department has assisted in the zoning process required to sever a portion of this lot. We have arranged for a mortgage using another property we own as collateral. A local corporation is giving us a gift of \$10,000. A coalition of 12 churches called We Have a

Lot to Give will provide up to \$20,000 of fundraising money. A local housing provider with experience in housing for persons with disabilities, Kawartha Participation Projects, which assisted us with an application for grant money, also provided advice on the design of the accessible apartment. Members of the Peterborough home builders' association, whom you'll be hearing from later this afternoon, are preparing the designs and working drawings, contributing materials for the basement, donating frames and trusses, and accompanying us as we solicit other building materials. Volunteers will assist when possible during construction. A local service agency will assist us in selecting families who will live in the house. Supported by the service manager's housing administrator's office, the Peterborough Housing Corp will arrange for us to have two rent supplement contracts which will provide revenue for us to operate.

All this work is being coordinated and the risks taken by a small, non-profit, unsubsidized corporation working now, in this particular project alone, with 15 partners—since 1999, we've worked with over 70 partners—to create only two apartments to meet our community's needs, at the same time as our community needs 125 to 130 units a year for five years for households with less than \$20,000 income. The voluntary sector can do a lot of the work, but not on its own, and not, certainly, indefinitely. The provincial government must get back into the affordable housing business, and soon.

I'd like to make three suggestions:

—First, to remember that creating housing, regardless of its purpose, is a public investment, and therefore public money can be used to generate more money through such things as incentives of tax credits or making provincially owned land available for development. These practices are quite well established in other parts of North America and in Europe.

—Second, imagine if the provincial government supported housing providers by eliminating the PST on building materials, created an enhanced rent supplement program, moved faster to implement a \$10 minimum wage, and increased the housing allowances of OW participants to 80% to 100% of the CMHC median rents. Imagine if the provincial government used such projects—and this, I think, is an idea that's very interesting and well worth pursuing—as opportunities for training apprentices in construction skills in partnership with builders, community colleges, senior secondary schools and eligible OW participants.

—Third, imagine if the provincial government formed partnerships with credit unions and/or large pension funds to assist communities in forming locally managed trust funds such as the Peterborough Affordable Housing Foundation. Annual grants supplemented by donations of money and land and the opportunity for investment returns would ensure an ongoing community-based way of providing capital for affordable housing.

The issue remains, however, ongoing operations. These strategies that I have mentioned would certainly

reduce the bricks-and-mortar capital costs and reduce rents, especially if non-profit organizations own and operate the housing. However, it is questionable if such rent reductions would be sufficient to eliminate completely the need for some types of ongoing subsidy programs unless there were significant increases in incomes either through assistance or employment. Despite the efforts of this particular municipality to create an environment to stimulate a new supply, the cost to develop new affordable housing on its own, with no support from the provincial government, is just not possible without a significant raising of local taxes. The gaps between the costs of housing and the levels of income are just too deep now without senior government involvement for at least one third of our households. Remember that no new affordable housing for low-income households has been built in Peterborough—new, that is—since 1992, when the federal government stopped its involvement in affordable housing. The provincial government withdrew from the sector in 1995.

As the needs analysis which I referred to earlier illustrates, this region has a serious housing crisis on its hands. Doing nothing is no longer an option. We have over 10 years of deficits to make up.

The Chair: Thank you. We do not have time for a full round of questioning, but in this rotation the question will go to the official opposition. You have about three minutes.

Mr Flaherty: Thank you all for your presentations. I can start with the general and then try to be more specific.

If we look generally at spending in Ontario, we've heard a lot of people here today say there have been reductions in spending. In the past 10 years—I say this just as a general comment, and I'll be more specific spending in Ontario has gone from \$44.5 billion to \$62.5 billion. That's an increase of 40% over the last 10 years. That's program spending—not interest on the debt, not capital spending. We have had remarkable increases in spending over the course of the last 10 years. At the same time, people talk about tax cuts, tax reductions having reduced revenues. In fact, the opposite is true. Revenues over the same period of time are up \$23.493 billion. That's a 51% increase in revenues. All of this is in the government document on pages 52 and 53, for those who'd like to verify it. In social services, the spending now is more than \$8 billion a year, and from last year to this year is going up 4.3%, again according to these documents.

My concern is this: A lot of money is being expended, and what is incredibly valuable to obtain from you is the best way, the most efficacious way, of spending that money. With respect to the housing issue, I would like to ask you about housing not just for families in transition but housing for persons with disabilities, including mental disabilities, in Peterborough.

Mr Martyn: The first point I guess I would make is that while your numbers may be correct, the reality is that we have not been able to increase a new supply of low-

cost housing for families earning less than \$30,000 a year. We just cannot do it. So I would think that as a matter of conscience and a matter of ethic, it's very important that the two senior levels of government get back involved through some sort of funding program.

To address the other issue around persons with disabilities or persons with mental illness, we know again—and the numbers are in the report, as I mentioned in mine—that there are 155 people on waiting lists for accessible units; that is, units that have been modified to suit their needs. I described one example that is requiring the efforts of many, many of us in this community to create just one unit. Having worked in this field since 1985 as a volunteer, I'm at the point now where I just cannot see how it can be done without the involvement of senior government.

The Chair: Thank you for your presentation this afternoon.

SIR SANDFORD FLEMING COLLEGE

The Chair: I call Fleming College forward, please. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourself for the purposes of Hansard.

Mr Gary Lounsbury: My name is Gary Lounsbury. I'm a volunteer and I'm chair of the board of governors of Sir Sandford Fleming College.

It's indeed a pleasure to be here in front of you today. We do have a message for you, of course, or we wouldn't be here. We'll do our best to be brief and be to the point. To that end, we've actually brought a few overheads which I know folks on this side may have trouble seeing, but it certainly will help me and I'm sure it will help you understand what my message is. With no further ado, I'll proceed.

First of all, ACAATO, our provincial association, recently commissioned a study by a research firm in Idaho which has looked at economic and social impacts of community colleges and most recently has done an extensive study in Alberta. They actually just finished doing Ontario colleges, and I would like to share some of the results of that study with you, if I may.

First of all, as you can see, there is an increase in lifetime incomes of students and also some social benefits as well, as it enriches the lives of everyone who gets an education. There is a 12.1% return on taxpayer investment to the government. Government investment is recovered in 11 years, so while it may seem like we're an expense, in actuality we're an investment. There's an \$11-billion annual economic impact from the community colleges in Ontario.

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Looking at Fleming College, we are a small to medium-sized college. We're like all the rest of our sisters and brothers across the province. We have an annual operating budget of about \$66 million. Our cost pressures—certainly we're in collective bargaining now

with our faculty, which may prove to be troublesome. We're having trouble attracting enough new faculty for the growing needs of our students. There's demand for support services, technology, and indeed, as most large organizations in Ontario are finding, our pension is becoming troublesome, with an additional cost there as well.

Turning back to the study, some key findings: Achieving a two-year diploma at a community college will increase your earnings to slightly over \$40,000 per year, or 12.3% more than an average high school graduate. A graduate of Fleming or any other community college with a two-year diploma will earn \$180,000 more than someone with a high school diploma over his or her career. Lifetime earnings will increase by 2.43 times for every dollar invested in colleges.

We've asked the provincial government for an additional \$90 million for the 23 community colleges per year over each of the next four years. The grant per student to the colleges—we want to move from \$4,700 a year to \$6,300 a year at the end of that period. I'll get to why I'm saying those numbers.

Here's the funding per student in Ontario compared to universities and secondary schools. As I mentioned, for colleges it's \$4,700 per student per year, for universities it's \$6,300 per student per year, and for secondary schools it's \$7,300 per student per year. I realize they're different things, but we're certainly way behind the national average as well, as you'll see coming up here.

Our enrolment, as I think most of you in this room know, has grown dramatically over the last period of time as our per-student funding has dropped. It's actually down 31%, while our enrolment is up 49% over the last 10 years. That funding gap is a chronic gap that we've seen for the last 10 years at least. Nationally, we're 70% of the national average for spending per student. Looking at all levels of education in the US, as a percentage of total US expenditures, as you can see, Ontario is at about 84%—sorry. Let me get this right.

Ms Barb Cameron: It's 74%.

Mr Lounsbury: It's 74% for the colleges per student compared to the US. Thank you. Barb Cameron is our vice-president of finance.

So as you might imagine, the shortfall affects all of our students in two fundamental ways: access and quality. That plays out in our colleges by increasing class sizes; reduced instructional time; limited access to faculty, counsellors and other services; continued inability to recruit enough top-quality faculty or to make sure we're at least on the leading edge of technology for our students to make sure that when they graduate they'll have the latest or to address our student dropout rates; and—I guess this is particularly true for smaller colleges like Fleming—some of the smaller programs where we don't have the economies of scale are somewhat at risk because of our reduced access. Certainly it's putting pressure on us. We've got to bring out new programs to keep up with technology etc, and that's making that more difficult.

Summing up, we believe it pays back, economically and socially, and certainly Fleming is a regional economic driver. It pays to invest in colleges. I mentioned the 12.1% return on investment. Certainly, the taxpayers of Ontario are better off because of the community colleges. It pays to learn. Our students are measurably better off in lifetime income and certainly in their whole self-esteem, and social things as well.

Those are my prepared comments, Mr Chairman. If there are any questions, Barb or I will try to respond to them.

The Chair: Thank you. We have about four minutes per party. We begin with the NDP.

Mr Prue: You have outlined I think what many of us in this room already know. We know that you are not getting adequate funding. The dilemma I think this government—and I'm in opposition—is going to have is, where do they get the money? They basically have two ways of getting you the more money that you deserve. One is to take money from other institutions, from the universities or the publicly funded schools; the other is to raise taxes. You haven't said what you expect or what you want from them. Where do you want them to get the money from—the other schools or from additional revenues?

Mr Lounsbury: That's a very good question.

Mr Prue: I try to ask good ones.

Mr Lounsbury: And that's a good one. I'm not sure I have an opinion on that. Certainly, the colleges realize the spending problems of the current government, and the past government for that as well. But I think when you look at the investment in our youth and you look at the investment in our economy, it's important to spend money where you get return, not just financial and economic return, but also social return. I certainly don't envy the government making their decisions on where they're going to divvy up the small amount of money they have available. But certainly I would hope they would seriously consider something for the colleges.

Mr Prue: You still didn't answer my question, so I'm going to go back to it. They really have only two options. What are you recommending to them—that they take the money from existing programs from other levels of education, or that they raise taxes in order to get the money? They're going to have to hear that from you; otherwise, I'm afraid they won't do anything.

Mr Lounsbury: I'm sorry. I can't respond to that question. I think that's a balancing act they'll have to deal with. I'm not at liberty to share what I think. My personal feelings may not be those of my colleagues or my college.

Mr Prue: Sir Sandford Fleming is a great little institution, from what I understand. What is the number of students, and what is the projected enrolment over the next few years?

Mr Lounsbury: The double cohort has hit us early, and it's tended to be a flatter hump than certainly our universities have experienced, but our enrolment is up

dramatically. It went up, what, about 15% last year, was it?

Ms Cameron: Over the last couple of years.

Mr Lounsbury: Yes, 15% over the last couple of years. We expect some levelling off, but certainly the growth is still there. I think what surprises us is the number of mature students who continue to come into the college system. What percentage is mature students?

Ms Cameron: I don't have that off the top of my

Mr Lounsbury: I think I heard a number of around 45%, but don't hold me to that, who are mature students coming back for retraining and for new careers.

Ms Cameron: Over the years, Fleming College's growth has tracked the system, so we are up about the same percentage over the last 15 years as the college system. This year the colleges were a little flatter in their enrolment growth but still up marginally.

Mr Prue: Do you offer co-op programs? Is that a way of getting some money, through those programs, you

know, people going out to work?

Ms Cameron: The co-op programs help the students afford their college education; it doesn't really help the colleges' operating budget, per se. But no, we do not offer co-op programs at Fleming.

Mr Prue: What is the cost per student to attend this school versus the cost per year of university? I know all universities are different and all schools are different.

Ms Cameron: It depends on whether you're moving away from home or not, but we generally talk about \$10,000 a year for tuition and for a student living away from home. It would probably be \$3,000 to \$4,000 more for a university student, primarily because of tuition and fees.

Mr Prue: So if I were to look at Sir Sandford Fleming College or Trent University, we're looking at about a \$3,000 to \$4,000 difference.

Ms Cameron: Yes.

Mr Leal: Gary and Barb, thanks for your informative submission today. I have two quick questions. The first one is, how much private capital has Sir Sandford Fleming been able to attract over the last number of years? Have you been quite successful?

Ms Cameron: We certainly exceeded the targets in our SuperBuild proposal. Our SuperBuild funding was just under \$30 million with the two grants we did receive, and that leveraged another \$20 million in capital just in the academic buildings. I think our total construction, private and government, was over \$100 million in the last few years, including residences, which helped the former speaker's housing situation in town as well.

Mr Leal: My second question is Mr Prue's question in a slightly different fashion. This government was looking to extend the deficit reduction. If we look at a four-year government mandate and through that mandate we say, "Year four is where we want to be in order to get a balanced budget," would it be acceptable to you to run smaller deficits, as we move through years one to four, in

order to put investments back into the community college system?

Mr Lounsbury: I couldn't speak for the college, but my personal opinion is, yes, I think that's a reasonable approach. Frankly, we have very low reserves. We're not a rich college, and I'm sure you're aware of that, so we don't have a lot of flexibility. Right now, we're looking at slightly over a \$3-million deficit for 2004. Last year, with the additional money we were granted by the provincial government, we were able to come in just about on budget. So it doesn't leave us a lot of flexibility to absorb or to—we realize we're just going to have to operate on whatever you give us, but certainly we think we have a good, strong case for ongoing support from this government.

The Chair: We'll move to the official opposition.

Mr Flaherty: Thank you for the presentation, and congratulations to Sir Sanford Fleming for many things, including the raising of private funds, which you've done with great success in and around Peterborough, to match those SuperBuild dollars, which were substantial. It's terrific that you've been able to accomplish that for the community.

It's good to hear from Mr Leal that the plan of the Liberal government is to have deficits over the next four years until we get near an election, and then we'll get a balanced budget, unlike the promise by—

Mr Leal: No, I'm just saying-

The Chair: Order.

Mr Flaherty: I'm sure you just made it up. I'm sure it has nothing—

Mr Leal: I was just asking for some comment.

Mr Flaherty: I'm sure it's not government policy. He's making it up as we go.

Mr Leal: You know better than that.

The Chair: Order.

Mr Flaherty: Chair, it's the government members' interruptions that I'm shocked with.

When we look at the importance of community colleges-and Bonnie Patterson from Trent University was here this morning—and look at spending issues and move from the big picture to the smaller picture, here's the gist of the problem, as I think fair-minded people would see it. We have substantial increases in revenues. In fact, the increases in revenues over the next three years are going to be \$4.1 billion per year—those are the government figures in the finance minister's economic statement. The problem we have is that the spending increases in health are 8% per year, compounding. The reality is that if the government does not address that issue on the operating side in health care, then education, including community colleges and universities, is increasingly going to be fiscally squeezed out in Ontario. So despite the good work you're doing, unless promises are kept by the current government, that problem will

Let me ask you, then, if you can tell me what percentage of the budget at Sir Sanford Fleming is spent on human resources. Ms Cameron: Roughly 75%.

Mr Flaherty: I think that is about right in our municipalities and community colleges in Ontario. The challenge with that is that 80% of the provincial budget is in the form of transfer payments, and unless there is some restraint in that area, then the government of the day is not going to be successful in balancing the budget.

What pay increases are you looking at in your negotiations? I don't know where you are in your negotiations,

but what do you face?

Ms Cameron: We negotiate provincially, as you probably know, and our faculty is in the midst of negotiations. In fact, they're set for a strike vote on the 17th. Our support staff settled for 3%, 3% next year and then 0.5%—6.5% over the next two years. The management offer to the faculty was approximately the same, and it was rejected.

Mr Flaherty: The challenge we have there is that in the government figures the prediction for inflation is under 2% over the course of the next three years—2% three years out. The budget can be balanced at spending increases of 2.3% over the course of the next three years. But if we have these kinds of wage increases in the broader public sector in Ontario, then something is going to give, and I'm afraid it won't be health care. The reality is, regrettably, that our community colleges and universities, our education system and our social services-and we've heard a lot about that today-will suffer at the hands of this government because of an inability to control spending increases for human resources in the broader public sector. I just raise that, but I congratulate you again for what you're accomplishing at Sir Sanford Fleming and thank you for being here.

The Chair: Thank you for your presentation this

afternoon.

PETERBOROUGH AND DISTRICT HOME BUILDERS' ASSOCIATION

The Chair: I call on the Peterborough and District Home Builders' Association. Good afternoon, gentlemen.

Mr Scott Wootton: Good afternoon, Mr Chairman and members of the committee. My name is Scott Wootton. I'm president of the Peterborough and District Home Builders' Association. I've been involved in the residential construction industry for 20 years, and I'm the president of Kawartha Lakes Construction Co Ltd. Joining me is Paul Lumsden. Paul is the past president of our association. Paul is also president of Vision Design Homes and has extensive experience in the residential construction industry. We are both volunteer members in this association, and in addition to our businesses and personal responsibilities, we are dedicated to serving the residential construction industry.

We appreciate this opportunity to speak with you today to deliver an important message from our local association in the residential construction industry.

I'd like to ask Paul to start and tell you a little bit about our local association and the Ontario Home Builders' Association. Mr Paul Lumsden: Good afternoon, Mr Chairman and members of the committee. The Peterborough and District Home Builders' Association is the voice of the residential construction industry in this region of our province. Our association includes 75 member companies involved in all aspects of the industry. Together, our members employ over 1,000 people and are an important component of our local economy. Our local association is one of the 31 that together form the Ontario Home Builders' Association.

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario. As a volunteer organization, OHBA represents about 3,500 member companies across the province. Our membership is made up of all disciplines involved in residential construction. Together, we produce 80% of the province's new housing, and renovate and maintain our existing housing stock. We estimate our industry directly employs over a quarter of a million people and contributes approximately \$30 billion to the province's economy every year.

Ontario's housing market in 2003 was active and healthy. Starts last year were up by 2% over 2002 and reached a 14-year high of approximately 85,000 units. The housing industry was a bright spot in the provincial economy, despite a series of unpredictable economic shocks. Low mortgage rates, increased immigration to the province and high consumer confidence all contributed to strong sales in 2003.

OHBA and its members are looking forward to another healthy housing market this year. OHBA is forecasting a very healthy 78,000 housing starts this year. Renovation spending is also on the rise, with about \$12 billion spent in this sector last year. This certainly bodes well for Ontario's existing housing stock, which benefits from efforts to maintain and upgrade housing standards.

Locally, the housing market did not fare as well. For the year 2003 in the city of Peterborough, 261 new single-family homes were built, an increase of 39% over 2002. However, to put these statistics in perspective, the last building boom year in Ontario was 1988, and in that year Peterborough built 694 new single-family dwellings. With 2003 widely considered to be a peak building boom year in Ontario, with the highest number of new homes ever built, Peterborough has experienced a 62% reduction in new home starts from 1988.

In a recently completed study commissioned by the county and city councils of Peterborough, other local housing factors are notable. (1) About one third of Peterborough households earn less than \$30,000 per year, which is significantly below the level of income to be able to afford home ownership. (2) About one quarter of all renter households are paying more than 50% of income on rent. (3) No new rental housing units have been built in Peterborough in the last 16 years and, as a result, Peterborough has experienced declining vacancy rates and increases in market rents. (4) Demand for emergency and temporary housing has increased dra-

matically, with lists for supportive housing rapidly increasing. (5) Existing housing stock has an older profile than Ontario. This is problematic for senior home owners and lower-income renters, due to higher energy costs and higher maintenance costs.

In another study recently presented to our local economic development group, it appears that there are approximately 9,200 jobs leaving the area to work elsewhere. Over 25% of these jobs are construction-related.

All these statistics, in our view, point to the flight of higher-paying jobs out of the Peterborough area since 1988, with no significant replacement of these jobs.

It is clear that ultimate solutions to the affordability-of-housing problem in Peterborough are improved house-hold incomes, together with an expansion of the supply of new, permanent, higher-paying jobs. This must be a priority for the local townships, the city, the county and provincial government. Each of these bodies must resolve their differences to remove any or all obstacles that discourage corporations that can provide good-paying jobs from locating in or around Peterborough.

Further, it is incumbent on the provincial government to continue to provide the funding for the development of the Peterborough DNA Cluster project and on the various local governments to encurage the process by providing lead and continue as proportion.

land and services as required.

While most builders are optimistic for 2004, they do have some concerns and list the top five barriers to growth as follows: skilled labour shortages, increasing material costs, land availability, development charges, and over-regulation. In order to maintain Ontario's healthy residential construction industry, these barriers need to be addressed.

Mr Wootton: Peterborough and District Home Builders' Association would appreciate your consideration with respect to the following:

Excessive regulation and over-taxation on the home building industry has pushed the price of new homes higher and higher, which in turn has put home ownership out of the reach of many families. New housing is the highest-taxed industry in Ontario after tobacco and alcohol. Studies by the Urban Development Institute have found that the total taxes, fees and charges paid by a home builder were up to 30% of the cost of a new home. Development charges represent a substantial portion of these fees. Presently, in Peterborough the development charges are \$5,567 for a single-family detached home, \$4,090 for two units and more, and \$3,100 for an apartment unit.

The PDHBA and OHBA are very concerned that in some instances background studies needed to justify development charges have been prepared using very inconsistent or sometimes flawed methods of data projection, which has resulted in various municipalities implementing development charges that are artificially high. As we begin another round of background studies and consultant reports to set new rates for this summer, we recommend that the government identify and correct abuses of development charges in the home building

industry and intervene to ensure that the intent of the legislation, which is to reduce costs, is met. OHBA seeks to ensure that developers pay only their fair share of growth.

Mr Lumsden: The Ontario Home Builders' Association has been actively involved in the consultative process as the government seeks to develop strategies for promoting and managing growth in ways that sustain a strong economy.

Transportation links are extremely important in achieving balanced growth. It is critical that government ensures efficient transportation links between neighbouring communities, and that mass transit is reasonably priced. The Peterborough and District Home Builders' Association is in full support of the government promises to allocate two cents per litre of the existing gas tax toward transportation infrastructure.

While our members understand that the government has to make tough choices to wrestle down the \$5.6-billion deficit, we urge government to move ahead with this promise as soon as possible. Further, we strongly urge that the government move to implement construction of the extension of Highway 407 to Highway 115 and to encourage Via Rail to extend service to Peterborough. With these services in place, we are confident that we can attract higher-paying jobs to the Peterborough area, such as the Peterborough DNA Cluster, and increase tourism.

A shortage of skilled labour is a major concern for the construction industry in Ontario. It has been a top concern for our members for a number of years. The increasing number of skilled tradespeople retiring is not being offset by the numbers of young people entering the industry. Informing and educating the public about opportunities available in the construction industry, as well as dispelling some of the negative stereotypes associated with skilled trades, is a major challenge for the industry and government.

In the past year, Ontario has finally turned the corner in the production of private rental housing. Investors are returning to this market, and private rental construction of new units is increasing. Since the Tenant Protection Act was introduced in 1997, private rental starts have increased by 400%. In addition to new supply since the introduction of the Tenant Protection Act, landlords have invested over \$1 billion per year in upgrading and maintaining existing rental properties across the province. The culmination of this activity has resulted in over 30,000 jobs created annually. Vacancies have increased significantly in urban centres across the province and, in some cases, are the highest they've been in decades, providing consumers with unprecedented choice.

In addition to this, rental rates are also decreasing, thereby making rental housing more affordable for tenants across the province. Although we have not seen the development in new rental housing units in Peterborough since 1988, we have experienced considerable activity in the upgrade of existing units. We are confident that the Tenant Protection Act is working. The proposal

by the provincial government to repeal this act would have devastating consequences for the new rental construction industry and mitigate against the emergence of new affordable rental units here in Peterborough.

OHBA further recommends the elimination or lowering of development charges on rental units to increase the economic viability of private rental construction. Government is encouraged to continue to review policy that discourages private investment in this sector. For those who simply cannot afford housing, the PDHBA recommends that the province provide shelter allowances. The private sector is prepared to work with the government to provide high-quality rental housing for tenants across the province. Adequate shelter is a basic necessity for all Ontario citizens, and we continue to support the provision of shelter allowances for citizens truly in need.

Mr Wootton: Pressure from the underground economy continues to plague our industry, particularly in the renovation sector. At the provincial level, estimates range from \$1.1 billion to \$1.7 billion a year in lost tax revenue. The PDHBA recommends that the government work together with industry to seek ways of encouraging and enticing customers to utilize the skills and the services of legitimate, honest renovators and contractors.

Peterborough and District Home Builders' Association has some concerns and recommendations regarding the future of the Ontario Municipal Board. The OMB has served a vital role as the independent adjudicative body in the province of Ontario for over 100 years. There is a need for an independent and impartial body to pass judgment on appeals in the province of Ontario to ensure land use decisions are made based on good planning and in adherence to the stated goals of the province. The residential construction industry is, however, open to improving the system and recommends an increase in remuneration of board members, as well as a lengthening of members' tenure. The Planning Act system is best served by the province articulating its interests through a provincial policy statement, with municipalities adopting clear policies through their official plans. The industry strongly supports an independent OMB that provides checks and balances outside the political process.

Mr Lumsden: Let me conclude by stating our concern for potential changes to the land transfer tax rebate for first-time homebuyers of newly built homes. Since its introduction in 1996, rebates totalling \$196 million have helped more than 135,000 Ontarians purchase their first home. This has certainly contributed to the strong growth experienced in the new housing market. The PDHBA supports provincial initiatives to target growth toward brownfield and infill sites, but our membership is concerned that any changes to the land transfer tax may place new housing out of reach for many young families. We recommend that the province investigate other means of either providing consumers with a tax break for purchasing new housing in targeted growth areas or providing builders with incentives to build in targeted areas of the province.

Mr Chairman, members of the committee, I would like to thank you for your attention and interest in our presentation, and we look forward to hearing any comments or questions you may have.

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The Chair: Thank you. We have about two minutes per caucus, and we'll begin with the government.

Mr John Wilkinson (Perth-Middlesex): We've heard a number of your colleagues across the province, and I've heard your presentation a number of times, and I'm glad to be in Peterborough. It's interesting because it seems to be that there are many things you'd like us to spend money on, like addressing the issues of the shortage of skilled labour, which if I were in your business, I think I'd be very concerned about as being crucial. You really need to have money here for the DNA cluster, "But please just lower my taxes." In other words, you're saying, "Lower my taxes. You're in the way. But by the way, can you spend more money on us?" I guess that's why we're politicians, because we have to deal with that.

Specifically, though, there's one area where I think you're trying to help us, and that's the underground economy. When we're bleeding red ink at \$5.6 billion a year in the situation we've inherited, you said you're willing to work with us to try to root this out so that—I think it would help your industry; that is legitimate. But do you have a specific concrete proposal that you're bringing to our table to help us actually get at the root of this problem? Every place I've gone, you've said, "We want to work with you to get rid of the underground economy." But do you have anything concrete that we could take back to the Minister of Finance and say, "This is how we're going to do it"? Because we'd like to get that \$1.7 billion.

Mr Wootton: I could recommend, to begin with, a public education format that would let the public understand the liabilities they are under in either going with an unscrupulous contractor or possibly taking something on that may be a little beyond themselves and their own professional understanding of what the project may entail. Workers' compensation issues, possibly non-compliance or non-coverage issues—I think a lot of it comes down to public understanding and public education revolving around liability issues. That would probably deter the cash-under-the-table deal to start with.

Mr Klees: Thank you very much. I appreciate your presentation. We do hope that the current government understands the importance of your industry to the economy of this province.

Although I'd like to spend a little more time with you on a number of these issues, there is an area that is important to me and I know to a lot of consumers, those people who have purchased homes, and it has to do with the Ontario New Home Warranty Program. I'd like to know what steps your industry is taking to deal with some of the dysfunction within that organization. I can't tell you the number of constituents I have coming to me with complaints about not being serviced by this organization. There's a sense that it's very top-heavy and self-serving and really is not a consumer protection organiza-

tion at all. I know we have to keep that in balance, but from your perspective, what steps is the industry taking or prepared to take to ensure that consumers who make the largest single investment in their lives, in most cases, in their homes have the appropriate protection?

Mr Lumsden: I personally sat on the OHBA, the Ontario new home warranty liaison committee, for the last couple of years, and I am confident that the new changes, which the warranty program has just implemented now, to the warranty act under the project simplify and will serve to correct a lot of the instances you're talking about. That's not to say that there aren't unscrupulous builders out there who aren't necessarily members of our organization and may be building not under the warranty program, which is an illegal act. Everybody has to understand that builders will pay for those unscrupulous builders and that, in most cases—and I think in all cases—these homes will be fixed to the satisfaction of the owners.

Mr Prue: I've heard this argument many times, and I'm just going to come back to you with your own statistics. You have 85,000 units that you built. Last year you built under 3,000 units of rental housing in the entire province—3.4%. You think that this is a good thing and you tell us not to tamper with the Tenant Protection Act. At the same time, in a city like Peterborough you built no rental housing. We've had people here today talk about waiting lists of years and years. You've also admitted that there is a declining vacancy rate in this city and that market rents are increasing substantially. How can you justify this statement that the Tenant Protection Act works, especially in this community? To my mind, it's an abysmal failure. Group after group reads that same statement, and I don't see where it works.

Mr Lumsden: Up to 1997, there were hardly any units being built province-wide. We see now, year over year, that there is at least a 400% increase. We think that the Tenant Protection Act is starting to work and that, given time, it will produce the 16,000 units a year that are required in the province.

Mr Prue: That were built before the Tenant Protection Act, up until 1995 without a tenant protection act. So I still wonder why this works.

Ms Lumsden: There was lots to do with rent controls. There are still some inherent problems in the way rental units are taxed to the owners from a federal point of view. We are working as an organization at both the provincial and federal levels to try to correct some of these things so we can increase the number of units built.

The Chair: Thank you for your presentation this afternoon.

Ms Marsales: Point of order, Mr Chair: Would it be possible to have a copy of their report maybe mailed to us?

Mr Wootten: Certainly.

The Chair: Just your speaking notes that you had prior. If you could give them to the clerk, he'll distribute them to all of the committee members.

PETERBOROUGH RAGING GRANNIES

The Chair: I call upon the Raging Grannies.

Mr Colle: Peterborough chapter, Mr Chairman, unless they're impersonators.

The Chair: Good afternoon. You have 20 minutes for your presentation. You may allow time for questions if you desire. I would ask you to identify yourselves for the purposes of Hansard.

Ms Linda Slavin: This presentation is the Raging Grannies in Peterborough and, because we're a very social group, we've combined with the Peterborough Coalition for Social Justice. Both those submissions are being handed out to you.

You want to know who we are. So introduce yourself,

Granny Ruth.

Ms Ruth Hillman: I am Ruth Hillman and I am for everything that is going wrong with Ontario.

Ms Slavin: I'm Linda Slavin. I also work with the Coalition for Social Justice.

Ms Joan Smith: I'm Joan Smith. I'm an organic farmer.

Ms Joan Gibbon: I'm Joan Gibbon.

Ms Silver Fox: I'm Silver Fox.

Ms Cindy Buott: I'm Cindy Buott.

Ms Nora Martyn: I'm Nora Martyn.

Ms Slavin: Our format is that we're going to present to you some of our ideas, primarily focused on anti-poverty issues. We're joined with Cindy Buott, who's a very active person in the local end of provincial social justice associations.

We ask you all to stand, please.

Peterborough Raging Grannies:

Our Canada

They're taking it away

True corporate greed

We pay the price today.

Our destiny, our liberty

We hate to see you go

Oh, rulers of Ontario

We're here to tell you so.

We'll keep our land

Glorious and free

Ontario we stand on guard for thee.

Our Canada, we stand on guard for thee.

Give us a place to grow, and a place to know Justice and peace in Ontario

A place to grow, a place to know

Ontari-ari-ari-o.

The Chair: Continue on, please.

1450

Ms Martyn: We have it on good authority that this was the Tory caucus's warm-up song in the last government. We're counting on the present government's common sense to be much more in tune with the real needs of Ontarians.

Peterborough Raging Grannies:

Right-sizing, downsizing, rationalizing Insourcing, outsourcing, privatizing

Disentanglement, cutting the strings

These are a few of our favourite things.

Offloading, downloading, re-engineering Divest, restructure, promote volunteering

Tax cuts to fund our friends' Florida flings
These are a few of our favourite things.

If you're jobless, if you're homeless, if you're feeling sad Simply remember our favourite things

Then you won't feel so bad.

Housing's not part of this government's mandate

Vulnerable people just need a band-aid

We won't give handouts, they need a hand up Let's start by grabbing that fellow's tin cup.

Improve education by inventing crises

Don't know the difference 'tween values and prices

Close down more hospitals, costs are too high Isn't it cheaper to let people die?

If you're jobless, if you're homeless

If hunger makes you tense

We weren't elected for caring a damn— Just for our common sense.

Applause.

Ms Slavin: The applause does not count in our time. Now we're going to join with Cindy Buott in this next song, because we do need some justice. We don't need all those other things.

Peterborough Raging Grannies:

O yeah, put up the minimum wage Ten bucks an hour doesn't let folks save The system keeps folks disadvantaged

We need some justice or the grannies will rage

O yeah, we all need to sing from the very same page.

Ms Buott: I'm a single mum with two daughters who have special needs. I work just as a telemarketer, which pays just \$7 an hour. I appreciate the fact that this government has increased minimum wage, but it's still not enough. When you look at the rising costs of living, such as hydro, heat, transportation, child care, \$10 wouldn't have made a huge difference for our family.

Peterborough Raging Grannies:

O no, those shelter costs are too high Decent housing some folks kiss goodbye No respect that independence would buy We need some justice or the grannies will sigh.

O yeah, we need some justice or the grannies will sigh.

Ms Buott: I live in housing that has been created by the Peterborough Community Housing Development Corp, which is basically a volunteer committee. I live in their housing. While it's not subsidized rent, it is below market value, so it does make a difference. But there are many people in this area who are living in substandard housing, and the housing lists are really long, so it ends

up eating up most of their disposable income. It would be good if this government could address that.

Peterborough Raging Grannies:

O no, no equal labour rights

Workfare takes away, it is a fright Layoffs, low wages just aren't right

We need some justice or the grannies will fight.

O yeah, we need some justice or the grannies will fight.

Ms Buott: I just want to speak on workfare. When it was implemented, a bill was passed called Bill 22, and that prevented people from organizing. There was a situation of a woman who was working. Her workfare placement was in a nursing home and, unfortunately, what happened was she ended up contracting a disease that was passed on by one of the residents. As a result, she lost her workfare placement, and as a result of that she lost her income. So it's very punitive and it needs to be addressed.

Peterborough Raging Grannies:

O no, education's a mess

Kids and teachers they are depressed

We need change to relieve their stress

We need some justice or the grannies won't rest.

O yeah, we need some justice or the grannies won't

Ms Buott: I'd just like to say that the students are part of the social justice coalition, and they're concerned with the shift in public investment to private debt. Many low-income children are exempt; they don't get to take some of the courses because there are user fees. For instance, in the high schools now they have a \$20 lab fee, which means that the students can't take the science courses. All of these things that should be in place because it is a public education system—unfortunately, it's moving toward the private system, and that's no way to address some of the poverty issues.

Peterborough Raging Grannies:

O no, the health system's failing us We can't let it be a total bust

Let's ensure low-income access

We need some justice or the grannies will fuss.

O yeah, we need some justice or the grannies will fuss.

Ms Buott: I was speaking to some of my co-workers today about coming here, and saying I was going to be presenting some of these issues. One of the co-workers is 50 years old. She's a diabetic. She has numerous health problems. Her husband drives a cab. Unfortunately, because she couldn't always access her medication, and different things, she ended up in the hospital. The Trillium drug plan, unfortunately, is just a real nightmare right now. Even though she's filled it out twice, she's still having problems being able to access that. She ended up really ill. She spent two weeks in the hospital. The doctor there was really upset with her.

When you look at that kind of situation—we need to have universal health care that's accessible to everybody. It doesn't make much sense to have this woman hospi-

talized for two weeks. She couldn't work, and it's costing more in health care dollars. So maybe we could look at a way of streamlining that Trillium process and making health care accessible to everybody.

Peterborough Raging Grannies:

We need some justice or the grannies will rage We all need to sing from the very same page.

Ms Betty Borg: We are concerned about children's health even before they're born, and the parents' as well.

Peterborough Raging Grannies:

Watch out for those blobs in the water Polluting, in spite of the rules They're not just a hazard to nature They're threatening the family jewels.

When so many of us got breast cancer

No one seemed in a rush with an answer

But wouldn't you know that they're raring to go

Now that research has shown why the sperm count is low.

Watch out for those blobs in the water Polluting, in spite of the rules They're not just a hazard to nature They're threatening the family jewels.

If your lover has trouble performing Remember, we gave you a warning If you want to be fruitful and to multiply

Fish him out of that lake and make sure he's quite

If the man you are with now ignores you
And you think that he may have the flu
Don't blame him and cry, do not even ask why
Just go and grab all of his tubes of shampoo.

Watch out for those blobs in the water Polluting, in spite of the rules They're not just a hazard to nature They're threatening the family jewels They're threatening the family jewels.

Ms Slavin: We wore our best jewels today too.

I just want to draw your attention to the Peterborough coalition group. I don't intend to go through it, because we've sung about it, but there is a little more detail here that supports other speakers today, supports Cindy's words. Committee members took different themes to develop so that we could hit most of the anti-poverty priorities, and we want them to be supported by Queen's Park. If poverty issues are not addressed, we believe the province will lose any kind of balance that we have for a healthy province, so we are asking for comprehensive programs to combat poverty, not a zero sum game. We can't play one sector off against another; it's not going to help anyone. Poverty is the issue that should galvanize new budget priorities, and indeed new budget design.

1500

How do we pay for these? "Ah, how do we pay for these?" you say. We think there are many options, but the

Peterborough Coalition for Social Justice and the Living Wage—Living Income Coalition wish to go on record demanding an end to tax cuts. The Tory tax cut benefit is evident in underfunded schools, hospitals, and in the increasing disparity in Ontario. We wish to join the 70% of Ontarians who are willing to pay more taxes if health and education were improved. We wish to join the 60% to 65% of Ontarians willing to pay more for post-secondary education. We wish to join the 60% of Ontarians who are willing to pay more taxes to help poor children.

Essentially, that's what we're asking. We have labour issues, we have poverty and health issues, education access issues. We have a few suggestions that don't even cost much and would look really good on you if you implemented them right away. We're asking you to read this with care. Ask us any questions you like.

We should warn you that the Grannies are always

asked for an encore, so-

Interjection: Encore, encore.

Ms Slavin: If you just leave enough time after your questions, we'd be happy to do our encore.

The Chair: We have about six minutes left. We'll begin with the official opposition.

Mr O'Toole: How about Pinocchio?

Ms Slavin: We are not entertainment, sir. We are Raging Grannies.

Mr O'Toole: You're not entertainment; wow. Are you union members?

Ms Slavin: I understand what you mean.

The Chair: We'll move to the NDP.

Mr Prue: I don't have any questions. I just want to tell these women that they're beautiful.

The Chair: We'll move to the government.

Ms Marsales:

Thank you, Grannies Thank you, Grannies Thank you, Grannies For all getting involved.

Ms Slavin: You can be a Raging Granny when you grow up.

Ms Marsales: Soon enough, soon enough.

The Chair: Is there any comment you would like to make to the questions that were asked, which might be of your choosing here? I'm suggesting that it might be singing. Are there any final comments from the Raging Grannies?

Ms Betty Borg: I would say that prevention is the way of saving money. Build schools, improve education facilities for special-needs children, and put money back into the system.

Ms Smith: Also increase a family's income so they can afford decent food, preventing health problems.

Ms Slavin: This is an organic farmer. She knows.

Ms Hillman: We should warn you that the Grannies always turn up, whether we're invited or not, whenever we think that there's a chance we might be able to get our message across.

The Chair: You have about three minutes left.

Ms Betty Borg: Another issue is pollution in our food, in our water and in our air. Nothing else is going to matter if our kids can't breathe or have water to drink. We need food that we know what we're eating, without pesticides—it kills dogs, it kills kids, and adults too.

Ms Slavin: You will note in the brief from the Social Justice Coalition and the Living Wage—Living Income Coalition, we mention in the very last paragraph that we've not had time to explore the multiple problems of the environment and how pollution affects the economically marginalized most severely. But, because this should be addressed, that's why we're singing our songs here today.

Peterborough Raging Grannies:

Winter's warming, winter's warming Soon be spring, soon be spring Drive our cars forever, drive our cars forever Pollution we bring, pollution we bring.

No polar ice cap, no polar ice cap
Weather gone mad, weather gone mad
Let's drive our cars forever, drive our cars forever
It can't be that bad, it can't be that bad.

Crops are dying, crops are dying
Sun's too strong, sun's too strong
We'll drive our cars forever, drive our cars forever
Can't be wrong, can't be wrong.

Public transportation, public transportation It's not for us, it's not for us

We'll drive our cars forever, drive our cars forever Stop that fuss, stop that fuss.

Drive our cars forever Consume, consume.

SUSTAINABLE PETERBOROUGH

The Chair: I call on Sustainable Peterborough. You have 20 minutes for your presentation. You may leave time for questions within that time period. I would ask you to identify yourself for the purposes of Hansard.

Mr Terry Rees: It's Terry Rees. I'm the manager of Sustainable Peterborough. It's a program of Peterborough Green-Up association. I thought I had a tough spot when I got on in the pm, but I had no idea. I won't be singing this, because in the last 10 minutes I couldn't find a rhyme for "demand-side management."

Members of the committee, I'm pleased to be able to come before you today and speak to some perspectives on Ontario's energy future and some potential budgetary implications. I've provided some background material, which I'm hoping you'll take the chance to look through. I'm not speaking directly from the notes, but most of what I'm talking about as well as some supporting documentation is contained in the package.

The Ontario energy picture is a complicated story and I plan to speak specifically to the demand side of the equation and not the supply or generation side. We know that collectively it's a stable energy future for Ontario. It's going to rely on support from many friends. Using

our precious energy resources efficiently is going to be an absolute must, no matter what the rest of the recipe looks like

Peterborough Green-Up is a member of the Green Communities Association, which was established by the NDP some years ago. Peterborough Green-Up has been around since 1991 and has undertaken a number of community environmental programs across this region. Peterborough Green-Up has done about 6,000 greenhome visits, which have dealt specifically with home energy use, but a number of other household environmental issues as well. Peterborough Green-Up is also the local delivery agent for the EnerGuide for Houses, which is the program developed by Natural Resources Canada to assess and make recommendations about the energy efficiency of homes.

Peterborough was the location where the current federal energy incentive program was born in 2000 and 2001. The pilot program here included 200 households, 100 of whom took advantage of the pilot program incentives. By way of reference, in terms of how vital this type of information and this type of program can be to achieving energy efficiency, the combination of specific energy advice that comes through this program as well as some creative financial support, which is reasonably modest in the scheme of things, the 100 householders who participated saw their energy costs on average drop by 34%. I should note at this point that it was in large part due to the demand-side management provisions that were in place at that time that allowed Enbridge Gas Distribution to be a key part of that program.

What we're looking for in the future is continued participation on that front, including the early adoption of demand-side management by local distribution companies, such as the Peterborough Utilities Services, to undertake public education and programs and to do onbill financing for capital projects which are better designed to use our electrical resources. Having that type of capability is a necessary and important element in a comprehensive program to reduce overall energy burden.

The Peterborough Utilities Services in particular has had great success in some respects managing peak loads through their water heater load controllers, which allow them to essentially control peak demand and move it to off-peak times.

Similar future initiatives such as time-of-use metering, which will accomplish the same type of benefits and more in terms of changing the load shape of Ontario's overall demand, are going to rely on access to demand-side management financing.

I'd like to encourage the province to carry on in terms of implementing the tools through demand-side management for local distribution companies and, if possible, to accelerate that so we can allow for the early capture of some of those savings.

Community designed and delivered programs are amongst the most effective at driving change that sticks and has results. If we want to seek out sound programming and support these ideas, we can find examples that we can apply across the province. We know they can yield long-term benefits that engage people not just at their homes, but in their workplaces as well.

In Peterborough we've had the opportunity to work closely with Sir Sandford Fleming College, which as you know is quite a novel organization that has done great things with the buildings they own and operate, and they have won a number of energy efficiency awards in their quest to serve as leaders in the community and to provide real-life examples of how to build smart.

Ongoing costs often aren't covered when we have funding and capital considerations. The fact that people are willing to be informed and given the opportunity to take advantage of mitigating their long-term costs is a benefit to all.

We have an incentive program envisioned—not just a financial incentive program but also a technical incentive program available for small businesses, which in this community, not unlike elsewhere in the province, have continued to be a strong engine for growth. The federal government, by way of the offset energy efficiencies, indicated a strong commitment to this by way of a couple of hundred thousand dollars. The local chamber of commerce is very excited and interested in having their members participate. It's a way for them to show demonstrable changes to their members in their long-term energy burden and make them more competitive.

We've sought ongoing interest from the Ministry of Energy at the provincial level and made a submission in the summer of 2003, much of which is contained in your package. We would like to encourage the revision and a relook at those provisions of that pilot program, which we'd like to do in Peterborough, which we know has the potential to be duplicated across this province and in other communities. There are also advantages that are in place through this kind of program to address some of those issues about social housing and affordable housing, where the people who can least afford it have some of the least efficient housing in the province.

Small business in this province is worried about a number of things, whether it's the dollar or insurance, but in particular what's going to happen with the stability of energy and the stability of energy prices. By providing them with the tools we might develop out of this pilot in Peterborough, we're hopeful that we could deliver something for an otherwise underserved constituency.

I'd like to finish up there. I would welcome any questions.

The Vice-Chair (Mr John Wilkinson): Thank you. We have about three minutes for each caucus and we begin this rotation with the NDP.

Mr Prue: As always, some very good words from you. I note here in your statistics on the first page that in Peterborough alone, homeowners and small businesses could save \$13 million a year in utility costs. You go on to say that that would cost up front \$84 million. This would be about a seven-year repayment?

Mr Rees: In simple terms, yes.

Mr Prue: But in terms of the benefits to Ontario, particularly the energy mess we appear to be in around hydro, the escalating costs of natural gas, the non-sustainability of our hydro system, I don't think there's any way around this. Has this government, since its election—and I know it's only been four months—been open to any of these ideas?

Mr Rees: I think a number of the measures that we're hopeful will be in place are already in the works, including the demand side management I spoke of, and a number of other provisions in Bill 210. As far as I'm concerned, it can't be soon enough, because we're going to be back into the summer season very soon and I think there needs to be an early adoption of all of those measures and probably more. I think the collaboration at the federal government and the leadership the federal government has shown—most of this comes via their Kyoto commitments—should be taken advantage of by the province at the earliest opportunity.

Mr Prue: Do you have a number for all of Ontario, not just for Peterborough, about all of these energy-saving measures? We know that it will pay back in seven years, which is probably a whole lot better than Pickering

2 and 3 will pay back in seven years.

Mr Rees: I won't agree.

Mr Prue: OK. We already know that's billions of dollars wasted, totally gone, will probably never work. How much will this cost the province?

Mr Rees: I don't know that I have a province-wide number. I could probably find one for you if you like. I think what I'd like to say is that, unlike building more capacity or utilizing more technology, these are measures that are available through conventional means, through readily available and current technologies, and there are things that we can do today. So this is not anything that anyone needs to invent or that's speculative in any way. There's a proven type of numbers.

The Vice-Chair: To the government.

Mr Peterson: What percentage of total expenditures in utility costs is this \$13-million number on the first page?

Mr Rees: What percentage could they save?

Mr Peterson: You said they can save \$13 million. What percentage is that of the total utility cost?

Mr Rees: That they're paying today?

Mr Peterson: No. The total utility costs are X.

Mr Rees: Approximately \$145 million in the city of Peterborough is being spent on—

Mr Peterson: So this would be about an 8% saving on total cost?

Mr Rees: Correct.

Mr Peterson: Are you aware that a lot of asset-based leasing companies will finance upgrades with that type of return? Is that knowledge that would come to you here at all?

Mr Rees: Yes. Financing becomes a very interesting portion of this. What we found is that without a little bit more sophisticated approaches to selling the upgrades

that are available to buildings—because there is financing available—people are usually more willing to look for their three-year payback project than their seven-year payback.

Part of the pilot that we've envisioned and part of what we've found works elsewhere is where there are demonstrable savings, so you can prove to people that they're going to get their money back, because there's been a lot of speculation about how much money you can save doing different measures over the years.

So although the financing means are there for most of the people we're hoping to compel to and help to do the upgrades on their buildings, they often don't make it over the line, if you know what I mean, in terms of the paybacks.

Mr Peterson: Yes, I would presume that could be part of the problem, and maybe that's where a collective effort on the part of the government could assist.

I find your philosophical approach excellent. The more specific you could be in terms of sending us more information on specific examples of specific funding for different types of buildings and the upgrades that do energy savings, the more helpful it would be to our government and the more helpful it would be to us, if we're trying to give an assisted funding model for making those upgrades, because certainly I think this is a key interest to everyone.

The Vice-Chair: You're asking that that information be tabled with the committee? Yes.

Now for the official opposition.

Mr Flaherty: Briefly, I have two motions that I'd like to make later.

Mr O'Toole: I'm genuinely interested in the whole issue of energy. You've brought a number of suggestions here. I want to start by making a couple of statements and then ask you a question.

The concept that the people of Ontario have been living under is power at cost from Adam Beck's beginning of Ontario Hydro. In fact, that's actually been false. There's never been a time in Ontario when it's been power at cost. It's been subsidized by all levels of all stripes of government. That being established, the province did look at the Macdonald commission report and looked at the renewing of the nuclear facilities and all of those studies I'm sure you're familiar with. Have you looked at the work done by the alternative fuels committee? A number of recommendations are in there, some of which you've mentioned here. One is the demand side management solution and the other one is the renewable portfolio standard, which has been made law in Ontario, which means that a percentage of new load coming on the grid would need to be from renewable sources, like wind, solar, methane and biomass.

1520

We also took measures to reduce the PST, the provincial sales tax, on energy-efficient appliances. The intent, of course, going forward was to increase the number of appliances eligible. Bill 2, which they've passed, only extended that to the period of March 2004, which is

imminently going to match when they've increased the price of energy. Now, we could argue about the price of energy.

I'm asking you a question: Do you think those solutions to drive the control of demand side—that's shaving peak load—into the hands of consumers, given that the residential rate is only about half of the whole load; it's more the industrial sector that consumes most of it—do you believe they should fund the implementation of time-of-rate metering, time-of-use metering or interval meters? Do you think they've got to give the consumers some tools? Otherwise, there is no movement if I reduce my energy consumption between 8 in the morning and 8 at night. It's just a bundled rate. I'm asking you the question, not the audience.

Mr Rees: Why, are they nodding?

Mr O'Toole: Sure.

Mr Rees: I think there's the concept to give people the economic tools to see the impacts of their decisions, which means moving their demand to after 8, for instance—that's the saying around here—and washing their dishes at night and this sort of thing. At the consumer level, to be honest I think you rely a fair bit on the goodwill of people and the fact that they can collectively see it. It's a matter of perception, in many respects. Particularly small business and people who have nominally larger utility bills, without giving them the tools to see that there is a benefit from shifting their loads, I think it's very difficult to compel them to change behaviour or to help collectively.

Mr O'Toole: One solution is the time-of-rate meter, where we could educate the consumer. If I'm using it, I would know the rate I'm paying. If it was seven cents an hour or four cents per kilowatt hour, I could make decisions. That's what consumers need, whether they're small business or residential users. Today, when you stop using your dishwasher during the day, it doesn't mean a thing to your bill. It moves peak load, which means when they're buying bulk energy off some other grid, maybe the American or Quebec or Manitoba, but there's a huge educational issue. I think you play an important role in educating consumers.

I charge the current government, and I'd like to leave you with one remark. What would you recommend they do going forward with the considerable restructuring of the energy sector, both generation and transmission and distribution? What would you recommend that they do first?

The Vice-Chair: I'd ask that you keep your answer short. Thank you.

Mr Rees: That type of information you mentioned, which is time-of-use pricing, if you can do it proactively and give people the opportunity to react against a price, in other words move load before they use it, I think that's a vital piece of the puzzle. I would urge the government similarly to do so.

The Vice-Chair: Thank you very much.

CAMPBELLFORD MEMORIAL HOSPITAL

The Vice-Chair: I call on the Campbellford Memorial Hospital, please. The committee welcomes you.

Ms Kelly Isfan: Good afternoon. My name is Kelly Isfan. I'm the president and CEO of the Campbellford Memorial Hospital. With me today is Mike Seeger, vice-president, finance and operations.

We have apparently brought you half a presentation—a clerical oversight. We just looked at it, and I said, "Oh, my half is here, Mike." Mr Seeger has prepared his remarks and will be pleased to send you the rest of it. Your staff person has given us the address.

I just want to paint you a bit of a picture about the catchment area and demographics related to the Campbellford Memorial Hospital. We're a small community hospital located about an hour from here. The map that you can see on page 1, our prime service area, has a population of 12,500 people. Our catchment area includes Campbellford, Havelock, Norwood and a portion of the Brighton area.

In 2001, the census for Trent Hills was 12,569, and we are finding that our catchment population is a bit broader than that, with a total estimated population of 30,000 people.

Some 11% of our catchment population is aged 75-plus, compared to 6% for Ontario, and 23% of our catchment population is aged 65-plus compared to 13% for Ontario. The median age of our population is 45.1 years, compared to an Ontario median of 37.2 years. In our hospital, we do see older folks with the attending health problems and diseases that you would expect.

The average earnings for full-time wage earners in our catchment area was \$36,286, according to the last census, compared to an average earning for Ontario full-time workers of \$47,299. Those determinants factor into the volumes we see at the hospital.

Next, moving on to our hospital itself, our emergency department over the past two years has experienced 21,000 visits. That is a 10% increase from previous years. Now 20% of our emerge patients have no family doctor when they're registering with us, and our increased emerge volume is directly related to a lack of family doctors in our catchment area. As our volumes have increased, waiting times are now three to four hours for patients coming to emerge and needing routine care.

The next page illustrates the top eight reasons for emergency department use. They are what you would expect for people who are accessing basic primary care services in a hospital instead of at a family practitioner's clinic: ear, nose and throat infections, skin disorders, tracheobronchitis, influenza, urinary tract infections, asthma, headaches and orthopaedic after-care.

Our in-patient care is composed of 34 active acute beds. We have 1,400 discharges a year, and our length of stay is getting to be seven days plus. In 2002-03, we had 1,500-plus discharges, with a slightly shorter average length of stay of seven days. Some 52% of our in-patients have no family doctor or have a non-local doctor without

hospital privileges, which is driving the statistic on our length of stay. It's increasing because of that.

I've listed the top reasons for in-patient admissions, which are consistent with an older population. I'll leave those with you for review.

We do have 10 chronic care beds that average only 31% occupancy. We do not have the full complement of physiotherapy, OT and speech therapy required for this kind of chronic care patient.

We provide basic surgical services and have had an increase of 600 cases in 2001-02, 848 cases in 2002-03, and this year we're predicting 900 cases. Some 90% of our surgery is done as day surgery, which is a lot more cost-effective than having people come for in-patient surgeries.

Our most frequent surgery is gastroscopy and colonoscopy, dental surgery, ear, nose and throat, biopsies, excisions and hernias. We are providing basic services for folks to come and get these surgeries done in their hometown, rather than travelling farther afield.

We host various consultants, also known as specialist doctors. We average around 3,500 patients a year coming for consultant clinics so that people don't have to drive to Peterborough or farther afield. We have had a dip this past year, which we might want to attribute a little bit to SARS, when the hospital was closed for a couple of months.

We refer out our CT scans. It's hard to trend these when you're a small hospital. They do go from 252 to a high of 370. This year we've referred out 285 CTs, and that's at a cost of \$94,000 to the Campbellford hospital.

Similarly, our radiology in-patient and outpatient volumes are increasing slightly from 15,700 in 2001-02. It has increased slightly over the years, and we're predicting 16,000 visits to radiology this year.

We wanted to paint you a picture of a small community hospital that provides basic core services to people in our community.

1530

Mr Mike Seeger: I just wanted to give you a quick overview of the financial issues involved in running a small rural hospital. Again, our apologies for not having this section with us today. I guess if I had brought my tap shoes, I could have ad libbed a bit here.

In terms of our staffing, we are the largest employer in the area, which is quite typical for a rural hospital. We employ about 200 staff. In terms of the cost drivers, I think if you hear from other health care agencies and hospitals, they are similar. We have an aging population, as Kelly mentioned. The cost of technology is constantly a challenge for us in terms of new equipment, computerization and so on, in order to provide services more effectively. We see a constantly increasing demand for our services, again, in our area, partly related to the aging population. Our rurality is an issue as well. Our location is such that providing service close to home, in the case of the services that were mentioned, is quite cost-effective. A lot of our catchment population find it very

difficult to go elsewhere as well, in terms of the lack of infrastructure, local transportation and so on.

In terms of our cost structure, again very similar to other hospitals: Roughly 80% of our costs are wage related, staffing related. We don't really have a lot of control over that, given the degree of unionization in the workforce. We are facing other cost drivers as well, which you've probably heard from other agencies, in terms of our utility costs. Hydro was mentioned by a previous speaker, insurance; things of that nature are going up.

In terms of funding, our budget is approximately \$13 million. The majority of those dollars come directly from the ministry, so we are very reliant on the ministry for our operating dollars. Until three years ago we did have a balanced situation and we've always strived to be as efficient as we can. We've generated over \$300,000 in savings and reductions in each of the last two years. We are still falling behind, and unfortunately three years ago there were some one-time dollars provided to all the hospitals that were not annualized. Because our budget is so small, that has really given us a lot of difficulty in meeting our requirements. It was approximately \$550,000 at the time, which would have covered off our accumulated deficit to this point, which is about \$1.2 million.

The big issue for the hospital sector and ourselves is that we would really like to see predictable, stable funding so that we can plan for the future. It's very difficult to plan effectively, especially with the size of the system, even in a smaller hospital such as ours, if we really don't know what our funding is going to be in advance.

We have seen a 4.5% increase in our funding each year for the last three years, which is substantial. Unfortunately our costs have far outstripped that, with wage increases and other costs being far ahead of that.

Another major financial challenge for hospitals is on the capital side. We don't generate enough working capital to be able to buy the equipment we need, to fix the mundane things such as our leaking roof. Those kinds of issues are important, and the ministry does have some limited dollars, but it's very difficult to access them. Currently there is a limit of 50% funding for major bricks and mortar if it's not through the restructuring commission funding.

Also on the capital side, of course, we need to replace our equipment regularly. Radiology is a big issue for us, and certainly across Canada it's a major issue as well. Radiologists as a group have brought that to the government's attention and we did have some one-time dollars for the system a couple of years ago in that regard. But unfortunately, fundraising can only cover a certain proportion of those costs, and you see that in your own communities, I'm sure, as well.

One other quick note for you, just to give you a bit more information on who we are. We also sponsor a number of other organizations on the same physical site. We have a seniors' apartment complex that we sponsor and administer; our multicare lodge, it's called. We also have a health centre that was built three years ago that houses our doctor group as well as other related groups, physiotherapy and so on. We sponsor an adult mental health program on the site as well.

One reason for mentioning these is that if the hospital didn't exist, these organizations wouldn't be there to serve the community either. We're the hub of that group of organizations, and certainly they would not be there without the hospital as the driver over the last 10 to 15 years.

The Vice-Chair: Thank you for your presentation. We have time for questions. In this rotation it will be about three minutes.

Mr Leal: I note that Norwood, Havelock, Belmont and Methuen are part of your catchment area. To be fair, I commend the previous government for the establishment of the nurse practitioner in Havelock. But Γ'm interested in the correlation. The number of visits to your emergency room have gone up by 10%, but the top eight reasons that you identify here are the things that I thought nurse practitioners were going to look after in order to reduce that pressure on emergency rooms. Could you just respond to that?

Ms Isfan: Sure. I understand from talking to that particular nurse practitioner that she is no longer taking new patients in her own practice. I think we're just reaching the point where that nurse practitioner and others are stretched and people are coming seriously, acutely ill; they are not emergently ill but they are coming because they do need or feel they need physician care. Perhaps, just anecdotally, I can tell you, they're worried, they're sick, they're upset, and they want to seek out a physician in most of those cases.

Mr Leal: Another quick question: Does Campbellford have a foundation?

Ms Isfan: Yes, we do; the hospital does.

Mr Leal: Have you made any representations regarding Bill 31—I've been on the Bill 31 review committee—and how that might impact on foundation activities?

Mr Seeger: I don't believe we have made any representation.

Mr Leal: The issue there is consent in terms of people giving consent for solicitation. I'll leave that with you.

Mr Klees: Thank you very much for your presentation. I was actually going to follow the same line of questioning as Mr Leal regarding the nurse practitioner because I know that the former member, Mr Stewart, advocated very strongly to ensure that there was a nurse practitioner here. What I'm hearing you saying is that that is working very well but it looks as though there is room for another one. It also sounds as though there is room for some education here, that people need to understand that this is a very qualified health practitioner and that those services in fact should do when a doctor isn't there.

I'd like to go on to the issue of technology. You refer to CT scans being referred out, I'm assuming. Where do you refer to?

Ms Isfan: We refer to Peterborough and more recently now to the Northumberland Hills Hospital in Cobourg.

Mr Klees: I'd like your opinion on something and that is a mobile MRI or mobile CT scanner, which is being used internationally in many jurisdictions very effectively. As a government, we had initiated a couple of pilot projects. You're no doubt familiar with that; The actual technology comes to your hospital; it's there for a couple of days and makes that service that much more accessible. Is this something that you feel would be helpful in your community?

Ms Isfan: It's something we certainly want to investigate further. We'd certainly be open to that. The advantages would be that folks in our community, as they're older, sicker, wouldn't have to be driving to access a basic diagnostic service, and it would be affordable then, instead of advocating for every hospital to own a very expensive piece of equipment. Also, those professionals who run the CT scanners are in short supply and we would think it's nearsighted to advocate for every hospital to have that basic diagnostic equipment. So certainly a mobile scanner would be something to look at for us.

Mr Klees: Chair, I'd just like to put you on notice that in light of this, I'd like to put a motion at the end of proceedings that the committee make that recommendation to the finance minister.

The Vice-Chair: Thank you, Mr Klees. Turning to the NDP, Mr Prue.

Mr Prue: I can see the difficulty in a small town. I have to tell you, my parents live near Bancroft and they have an equally small, little hospital. But I don't think they would stay, quite frankly, if that hospital were to leave. Both being in their 80s, they make some use of it, and I can understand why you need this in Campbellford. But what was more intriguing to me was the other community groups that you have there—the seniors' complex, a lodge for the doctors and the adult mental health. They must be funded separately. They're not part of the hospital.

Ms Isfan: Yes, they are funded separately. We provide them support—administrative, housekeeping and other services.

Mr Prue: On a fee basis?

Ms Isfan: Yes.

Mr Prue: Are they running deficits as well?

Ms Isfan: Their funding envelopes are a little different from ours so, as such, now they're not in that position to be having deficits.

Mr Prue: So they are not causing a drain on you at all?

Ms Isfan: No. In terms of hard dollars, I guess I could let Mike speak more to that.

Mr Seeger: We do charge for our services on a costrecovery basis, so we are actually making some dollars for the hospital by having them on our campus and providing those services.

Mr Prue: If a decision were made—and I don't think anyone is thinking even remotely of this—of shutting down the hospital, of consolidating, of going to bigger units as was all the rage a few years ago, what would be the impact, do you think, on Campbellford and its sur-

rounding community? I'll tell you quite bluntly I know what it would be in the Bancroft area. What would it be

in Campbellford if that were to happen?

Ms Isfan: I think there would be a lot of downside to that in terms of limited ability to promote local fundraising. When you are a small hospital like us, you are really dependent on the goodwill of the local public. So something we have great concern about would be the ability to connect with our public as the Campbellford Memorial Hospital and to have relationships with the donors through our foundation.

I also think we've done a great job of having the synergies, of having hospital oversight and supervision for these other groups. I think that is a remarkable success of our hospital that we wouldn't want to lose.

The Vice-Chair: Thank you very much.

1540

ONTARIO HEALTH COALITION, PETERBOROUGH CHAPTER

The Vice-Chair: I would call on the Peterborough Health Coalition, please. Good afternoon and welcome to the committee.

Mr Roy Brady: Thank you very much for the opportunity and thank you for listening at the tail end of a long day. I think, Jeff, you must have posted me at the end of this day.

I'm Roy Brady. I'm representing the Peterborough chapter of the Ontario Health Coalition. It's a non-partisan network of about 400 organizations serving the needs of Ontarians. We try to empower members and other citizens to become involved in the making of public health care policy and protecting and improving public health care.

Our message is simple: Do not cut health care spending, no matter how the economic situation is perceived. We shall try to convince you of the importance of health care remaining a substantial part of the Ontario budget, but at the same time we're going to responsibly advise the government in how money can be spent for maximum benefit and patients' needs.

Health care has consistently been the highest priority in polls, as shown by the Ipsos-Reed poll on the eve of the last election. The Ontario Liberal Party, the government, campaigned on maintaining at least the present level of public services—health in particular—realizing how the Tories had devastated the public sector, and the environment in particular.

The deficit does not have to be slain before public health care is protected and improved. Federal transfers will soon be delivered, but hardly are they going to be given to supplement a system undergoing cuts. Dalton McGuinty is on record asking the federal government to release funding to the provinces despite any federal shortfall of their own.

Unfortunately, the government has sent out some trial balloons for cutting seniors' health care costs. You should not demand sacrifices regarding less access and coverage, as well as the reintroduction of OHIP premiums. All of that would just encourage these citizens not to seek full service when they are ill. Please consider that seniors have already sacrificed themselves pre-medicare. That was a time of a private health care system. Presently, Ontario has the highest out-of-pocket health care expenses in Canada. Please, we cannot sustain another round of health care cuts. We hear rumblings of an intent to reorganize and reinvent government. This cannot be a rationale to reduce public responsibility for health care.

The present government has made rather a big deal of conferring with Roy Romanow, which is good, and announcing that its platform had the commission's endorsement. Obviously, Romanow assumed you intended to follow it. In that case, you will follow the following recommendations. Some of these would require lobbying the federal government, with whom you feel you can work very successfully. This is a very quick list:

- —Increase federal dollars in an escalator provision, with conditional and accountable transfers;
- —Insist on strengthening the Canada Health Act to include accountability for spending, priority home care services and diagnostic testing, which would effectively remove privatized delivery in that area;
- —Integrate coverage for prescription drugs within medicare as part of a long-term strategy;
- —Protect health care from potential challenges under trade investment agreements;
- —Address the serious disparities in health for Canada's aboriginal peoples;
- —A rural and remote access fund would help what has transpired today from speakers;
 - —Collaborative teams for primary care 24/7;
 - -Public delivery; and
- —An increase in public diagnostic technologies and the personnel.

Promise and responsibility: The present government has assumed the dual responsibility to remove the deficit, which was outlined rather minimally during the election but primarily after victory, and to maintain and improve public services, particularly health care, which was stated throughout the entire calendar year 2003. I ask you, is this a choice? Will there be a winner selected? You put your signature on a pledge to the Canadian Taxpayers Federation at the same time as you made clear promises to the people. Are you going to keep one promise and not the other? Whom do you represent, the people who elected you or a tiny minority?

There will undoubtedly be intense pressure from minority private groups preferring deficit reduction and tax relief rather than publicly operated services. Because we endorse the holding of these hearings to be a very democratic dialogue with the public—and we congratulate you for doing that—we worry about the extent of undemocratic, covert dialogue with these minority interests. You have been labelled, seriously and unseriously, Tory Lite, but you did pledge to be different from the Tories in at least one way: without an agenda of

privatization and reduced role of government. If helpful, amend or repeal the legislation binding the provincial government to balance the budget every year. Don't bind yourself or we might just consider this to be deliberate.

Measures requiring little cost: Government can carry out policies and directions where there is little short-term cost and where savings can be long-term, not just over the next two years. Consider the following recommendations to be an investment, an essential service, your mandate and your obligation to the people of Ontario:

- —Democratize community care access centres, allowing local boards to find savings and enhance services;
- —Buy MRIs and CTs and place these in hospitals which you own, instead of a policy direction introduced last spring where the government pays for years of private delivery;
- —Keep up your noteworthy measures regarding preventive medicine and lifestyle adjustment. I congratulate you on that approach, keep that up;
- —Bring all public providers together to obtain the best recommendations and to develop foolproof communications;
- —As much as possible, avoid the need for treatment in hospitals. When possible, treatment should be with family doctors and community health centres;
- —Increase the family doctor fee schedule to get doctors out of hospital practice and into family practice, which costs less:
- —Insist on an increase in the number of basic longterm-care beds to reduce the waiting lists of candidates presently occupying hospital beds while they await the less expensive long-term-care beds;
- —Also regarding family doctor practice, redefine under-serviced communities and update all ministry physician records;
- —Speed up the process of certifying foreign-trained doctors, keeping in mind the large number of health care practitioners nearing retirement;
- —Fully support the health council of Canada to introduce accountability for spending priorities such as the expansion of home care, catastrophic drug coverage, 24/7 primary care, all of these endorsed by Romanow, with whom you consulted;
- —Thoroughly monitor violations of the Canada Health Act in your province and report to the federal government—of course, the province might end up being the violator, so strengthen the health council, please.

 1550

Attack poverty: This is another preventive measure. There has been considerable research into the social determinants for increased health care costs. Poverty has become a health issue. Medicare is a social equalizer. At the same time, long-term savings can be attained—another preventive measure.

Reassert minimum standards for long-term care facilities. Deliver funding based upon standards of care rather than level of administration. Because the privately delivered components of health care spending have had

the largest increases—namely, drugs and rehabilitation—analyze and accept that public health care is actually sustainable, but apparently private delivery is the cost escalator.

Gradual savings: these are in addition to and including what I've just listed. There are areas where specific gradual savings can be attained. Don't just think of tomorrow or the next budget. Again, lobbying the federal government is sometimes the procedure to use.

- —Increase visits to family doctors and community health centres, rather than encouraging more expensive hospital or emergency visits. To accomplish this objective, increase the supply of doctors in family practice and the number of community health centres, which employ the alternative services of other health practitioners at less cost.
- —Implement a home care program. The Tories promised one as an alternative to keeping all hospitals open, but didn't deliver it. Lobby for a national home care program but, in the interim, vastly improve home care as a provincial option besides hospital or nursing home care.
- —Clean up excess administration costs throughout the entire health care system.
- —Work with the federal government to lower prescription drug costs. Help to develop one national purchasing system and one drug formulary. Reduce the level of patent protection to bring on the use of generic drugs sooner. Help inform doctors regarding necessary and unnecessary drug prescription. Stand up to the massive pharmaceutical lobby and reduce its massive control over our entire system. They are the cost escalator.
- —Place doctors and surgeons on salary. Until that point is reached, increase the family doctor fee schedule and ensure that surgeons are compensated as much for a complicated or life-saving operation as for several elective surgeries.

Hospitals must be financed from provincial capital grants. For new hospitals, reject the P3 model, which costs more over time, perhaps much more—more about that later.

Yes, there are immediate heath care spending requirements. Yes, there is money that must be spent. Unless the government is a bottom-line business for shareholders rather than citizens, the following spending must occur, and is costly.

—Hospitals require secure, long-term funding. They have to be able to undertake any emergency preparedness or response in addition to their regular patient services. New hospitals cannot afford to make proposed mortgage payments out of their operating funds.

Compensate family doctors similarly to other doctors, and include lifestyle considerations and overhead assistance as well as pay. Such spending increases will keep doctors in family practice, which is less expensive than other physician practice, and would encourage medical graduates to enter family practice. Government must act now to keep doctors in family practice by increasing the supply.

9 FÉVRIER 2004

—Support the Peterborough primary care report proposal, you heard that this morning. Thus, you are working with municipalities for local solutions. You promised community health centres, 150 of them. The Peterborough plan can easily become a community health centre with your financial support. The key is keeping and attracting family doctors. Let doctors provide the most critical services. In addition, the centre must include an interdisciplinary team of health care providers. A firm commitment must be made to serve thousands more patients and provide 24/7 service. Medical administrative duties can be handled by an appointee. It would be nonprofit, with a community board and in-house scheduling, all parts of a local solution financed by the provincial government, one of 150 you want to provide.

Nine years ago there was a process in Peterborough to develop a community health centre. The Tories cancelled the negotiations, consistent with their policy to deter non-profit health care provision. This community health centre concept must be redeveloped in Peterborough, and it is essential that the use of a more than adequate number of allied health professionals be fully funded. I'm asking my MPP, Jeff Leal, to argue this at Queen's Park.

It is very important that government extend funding increases for the provision of all health care providers and sufficient support staff and, in addition to regular hospital grants, ensure the hiring of more full-time nurses—Ontario has the lowest per capita supply.

A recent Ontario Hospital Association and Canadian Institute for Health Information report outlined the secondary medical damage from the absence of nursing care; for example, infection control and detection of change in patient condition. Clear roles must be set for nurse practitioners, whose usefulness is often overlooked or who are just assigned to be convenient emergency stop-gaps in rural health care delivery.

Out-of-pocket health care dollars increased under the last government. Reverse this pattern. Develop a home care program, which is often more appropriate and less costly than hospitals and long-term care for an aging population. The program does require fully qualified staff and increased hours of service. Otherwise, acute care patients must remain in hospital or long-term care at increased cost. In time, there should be overall savings.

Privatization: We must remind the government of the perils and shortcomings of the privatization of services that are essential and involve little or no consumer choice. The private sector works very well when producing goods and services where there is full consumer choice involved.

Private health care systems cost more, as the US example has revealed. In fact, private delivery has been responsible for much of Canadian health care cost increases. As well, public health care is still one of our competitive economic advantages.

Privatization of essential services does not serve the needs of the whole population; Romanow was clear on that point. It can only be an option if public health care has been starved until it can't function as well—at times, deliberately so.

Savings are unlikely because of the high priority to enhance profit. When there are emergencies, a need for high maintenance, and unforeseen reinvestment requirements, the public sector is expected to intervene and make up any financial shortfall or, as in the United Kingdom, bail out the private corporation or consortium. In the first place, the private sector prefers to bid only if there is a guaranteed profit, a long-term binding contract, very little risk and little requirement to provide equity in service.

It is interesting to note that lifestyle is creating health care cost increases, yet unhealthy lifestyles are encouraged and marketed by corporations—hardly a concern here for a healthy population.

There is the myth of shorter waiting lists. Private sector bids tend to follow substantial waits in the public system that are caused by a political refusal to increase staff and hours, creating the urge to subsidize private delivery. For-profit corporations, however, will not substantially reduce waiting lists, because these crisis lists are the very reason for corporate existence in this business in the first place.

More private surgeries or diagnostic testing would be necessary, but private employee lifestyle needs and the shortage of specialists will prevent these increases from ever occurring. The private and public sectors compete for specialist labour, which, by the way, is trained and paid for by the public sector. So we subsidize private clinics.

The Chair: I want to remind you that you have two minutes left in your presentation.

Mr Brady: Oh dear.

A few quick shortfalls—and I'll be very fast: little chance of reinvestment because of the continual need to reduce costs; access to information laws, often not applying; higher borrowing costs for the private sector; an exemption for liability; accountable governments that are usually, instead, more suitable for handling environmental safety and ensuing health risks or outbreaks.

A future sale to an American or other foreign corporation or consortium would create a further public problem. Trade investment agreements would then apply. It would be difficult to halt the spread of private health care services if even one is permitted.

A health service must be run entirely on a non-profit basis to prevent GATT from being used to pose the challenge that, because the public sector is subsidizing public delivery, private corporations providing the same service should be eligible for public subsidy. The agreements have been written to deter regulation and to restrict a government's ability to govern in a way that might adversely affect this foreign private investment, even if it is of public benefit.

Even NAFTA, with its ominous chapter 11, does provide an exemption for "social services established or maintained for a public purpose."

1600

A further problem is that a privately built and administered hospital, or anything public, may not be deemed

by an investigating trade tribunal to be public because profit is involved. Therefore, what the Liberal government is now trying to negotiate, called "under public control," is empty and dangerous.

We turn to P3s, the last part. Cancel P3 hospital projects—in fact, any P3 model for essential services which don't require profit. As always, the questions are, who is profiting, and is it important to the people of Ontario that they profit?

In this case, why would the public sector negotiate a public hospital? It's theirs. It's the public's. It's like negotiating the use of your own house. Negotiating public control is a comedown; it's a loss.

Any mortgage or other payments would come out of hospital operating costs at the expense of health care delivery. Debt would effectively be transferred to hospitals and communities. Government would be displacing its costs onto a future government, perhaps another Liberal one.

The P3 would be more costly for the taxpayers over the long term. There's also no evidence that P3 hospitals work, either financially or, of most importance, for health care provision. There are never any comparisons made between P3s and public capital grants projects. Audits are never done before a contract is approved, and when they are conducted afterwards, as in the United Kingdom, the audits have been highly critical.

The confidentiality involved is so undemocratic and publicly irresponsible. In these partnerships, the private sector has so many protections, several of which I mentioned a few minutes ago.

To maximize profits, the private builders and operators have taken strict business measures: fewer beds, reduced maintenance, labour cutbacks, part-time employment, reliance on government for bailout; or make up all kinds of commercialization all over the place, sort of like a Disneyland in the north, which includes a hospital.

We ask, in what way would health care be improved? Or are financial, budgetary and political considerations more important?

In conclusion, the government has a mandate to look after the interests of the entire Ontario population, particularly its health care, not just to improve budget sheets and please deficit-fighters—a formidable task indeed. Do it. Our health care is not for sale.

The Chair: Thank you for your presentation this afternoon.

We have four motions to deal with now. We'll begin with Mr Klees's motion on tourism.

Mr Klees: I move that the committee on finance and economic affairs recognize that snowmobiling helps boost tourism in many rural and northern Ontario communities, that the impact of organized recreational snowmobiling on the Ontario economy is considerable and is indeed growing, and that the committee recommend to the Minister of Finance that the government review of auto insurance be expanded to include snowmobiles. The review should examine how to reduce risk factors, such

as personal injury and liability, and make snowmobile insurance more affordable.

The Chair: You have two minutes for comment.

Mr Klees: Thank you, Chair. I think it's very important, particularly in this area and the Kawartha area. We were in northern Ontario last week. The tourism sector is extremely important to the economy of this province. It affects jobs throughout the province. I have had many representations, as I'm sure other members on this committee have had, from owners of snowmobiles who are finding that it's virtually impossible to get these machines on the road, simply because of the high cost of insurance. I'm simply asking that the committee bring this to the minister's attention and that the appropriate work is done as the entire insurance portfolio is being reviewed, and that snowmobiles be considered an integral part of that review.

The Chair: Comment?

Mr Prue: I listened with some considerable interest. I don't know whether this motion is going to do much. I'm going to vote for it. I have to tell you, any decrease would be a good decrease, but we've already seen what's happening with automobile insurance; we've already seen that when the previous government introduced their legislation, it took away benefits—benefit after benefit, cost after cost that is going to be borne by the policyholder. Nothing was saved. The insurance kept going up. I see this as much the same thing. The review now is taking place. The government is looking for a 10% saving, but the insurance companies themselves have said repeatedly that they don't think there's any way they can reduce their costs. All that's going to happen is that the benefits paid out will be reduced.

I don't know what to do with this, quite frankly. Unless there's some form of public insurance, this is never going to work and I think this industry will decline, much like trucking and much like the problems that individual drivers are having.

The Chair: Comment? This motion will be dealt with at report writing on March 10.

Now we have a motion by Mr Flaherty.

Mr Flaherty: I have two, actually. One of them is that I move that the committee on finance and economic affairs recognize that there is a need for the government to find new and innovative solutions for the problems that lie within our health care system, not the least of which is the fact that thousands of Ontarians do not currently have access to a family physician; and

That the committee recognize that the pilot project proposed by the Peterborough County Medical Society would result in each and every doctor taking on about 200 new patients; and

That the committee recommend that the Ministers of Health and Finance support this pilot project and, if successful, support implementation of similar projects across the province.

That's the motion, Chair.

The Chair: You have up to two minutes for comments.

Mr Flaherty: We heard this proposal this morning, explained to us clearly and directly by two Peterborough physicians, who happen to be specialists. They assured us that this proposal has the support of family physicians in the city and county of Peterborough. I applaud them and those who have worked on this proposed pilot project for not only coming before the committee and pointing out a challenge but for providing a potential solution, which we don't often hear, regrettably. So I applaud their efforts. I congratulate them for that. Surely this is an issue that's important to the people of Ontario and the people of Peterborough, and we ought to give this pilot project an opportunity to succeed. I commend it to the government and urge my fellow committee members to support the motion.

The Chair: Comment? Mr Prue, you have up to two minutes.

Mr Prue: I listened with some interest this morning, and I must admit I had some considerable difficulty understanding the difference between what the doctors were recommending and a CHC. I am mindful of the last deputant here today, from the Peterborough Health Coalition. He said it very well, and I'm going to quote it: "Support the Peterborough Primary Care report proposal; thus, work with municipalities for local solutions. You promised community health centres, 150 of them. This Peterborough plan can easily become a CHC with your financial support." Because of the statement made there, it seems to me this is something that should be seriously looked at. But in the long term, I think the closer they can come to becoming a CHC, the more likely it is to be approved by this government.

The Chair: Comment?

Mr O'Toole: I just wonder if the Liberals are prepared to make any public statement about this—

The Chair: Any member can make a comment up to two minutes.

Mr O'Toole: And they're not. They're refusing. I find that part of this whole process of public hearings, to respect the hearing and the work that has been done—

The Chair: You must speak to the motion, Mr O'Toole.

Mr O'Toole: In this respect, you've heard this motion, Jeff, from your own constituent group. I encourage you to—

The Chair: Speak to the motion.

Mr O'Toole: I am encouraging the government to speak to the motion.

The Chair: I'm reminded by the clerk that you're not the substituted member this afternoon. You weren't allowed to make comment.

On this motion, any comment?

Mr Leal: I'll spend one minute. I've been terribly supportive; I've been working with them. But one of the things we want to hear from the group is a detailed costing of this proposal, which quite rightfully can be dealt with at the report stage on March 8. We are waiting for the rest of the information to come forward.

The Chair: Comment? This motion will be dealt with at report writing on March 10.

Mr Flaherty has a further motion on provincial gas tax revenue.

Mr Flaherty: I move that the committee on finance and economic affairs recognize that hydrogen technology—and in particular, hydrogen fuel injection systems such as the one produced by GlobalTech—provide costeffective and innovative solutions to reduce emissions and contribute to a cleaner and healthier environment; and

That the committee recommend to the Minister of Finance that distribution of the \$300 million in provincial gas tax revenue promised to municipalities by the Liberal government be tied to capital investment to install hydrogen (or other emission reduction) technology in municipal transit vehicles.

The Chair: Two minutes for a comment.

Mr Flaherty: Very quickly, Chair, because it's late in the day. We all heard today the proposal from GlobalTech that would reduce emissions at no cost to the users in reference to the transit systems in Ontario-Clarington Transit, the Toronto Transit Commission and the wonderful benefits that this could have for the people of Ontario, not only in terms of cleaner air but, in the long run, in advancing the cause of cleaner vehicles being used on our roadways. The technology exists today and I urge my fellow committee members to draw this directly to the attention to the Minister of Finance by means of this motion so that, as the promise is kept, one hopes, by Mr McGuinty to transfer the percentage of the gasoline tax to the municipalities, it will be in part tied to advancing environmental protection and clean air in this province.

Mr Prue: I would support this, but only in part, because I think that's what is left out, that the Liberal government be tied to capital investment to install hydrogen or other emission reduction technology in municipal transit vehicles. I think it would not behoove the government to tell municipalities what they must do with the two cents of the gas tax if, in fact, they ever get it. I'm not going to hold my breath on that one. If you look at a city like Toronto, which has much of its transit based on a subway system which is electrified, I don't know how they are going to get around this. I can see that they do have buses and I can see that, in part, it may be one of our goals. Perhaps by the time this gets to report writing, this motion can be further fine-tuned so that it is one of the components and not the only component, as this seems to read, in getting that two cents of the gas tax.

The Chair: Comment? This motion will be dealt with at the report-writing stage, March 10.

We have a motion from Mr Klees on mobile diagnostic services.

Mr Klees: I move that the committee on finance and economic affairs recognize the importance of accessibility to diagnostic services by patients in rural Ontario, and that the economic benefits of utilizing mobile MRI and CT units be fully investigated for the benefit of the

patients and in the interest of reducing the cost of diagnostic services; and

That the committee recommend to the Minister of Finance that a cost-benefit analysis be prepared to accurately assess the benefits of mobile diagnostic services in rural Ontario, and that such analysis include case studies of jurisdictions where mobile diagnostic services are currently being used.

The Chair: You have up to two minutes.

Mr Klees: We had an interesting presentation this afternoon from the Campbellford Memorial Hospital. It's really very consistent with presentations that we've heard elsewhere, that is, the problem of remote hospitals that don't have the kind of diagnostic services that are found in larger urban centres. For example, when we were in Thunder Bay, we heard that Dryden was actually referring patients to Winnipeg for diagnostic services. There is technology—mobile MRI, mobile CT units—that is currently being used in other jurisdictions—very cost-effective. I think it's important that this committee implore the Minister of Finance and the Minister of

Health, as they search for ways to bring services closer to people and make them more cost-efficient, that this is one option that we seriously consider.

The Chair: Comments?

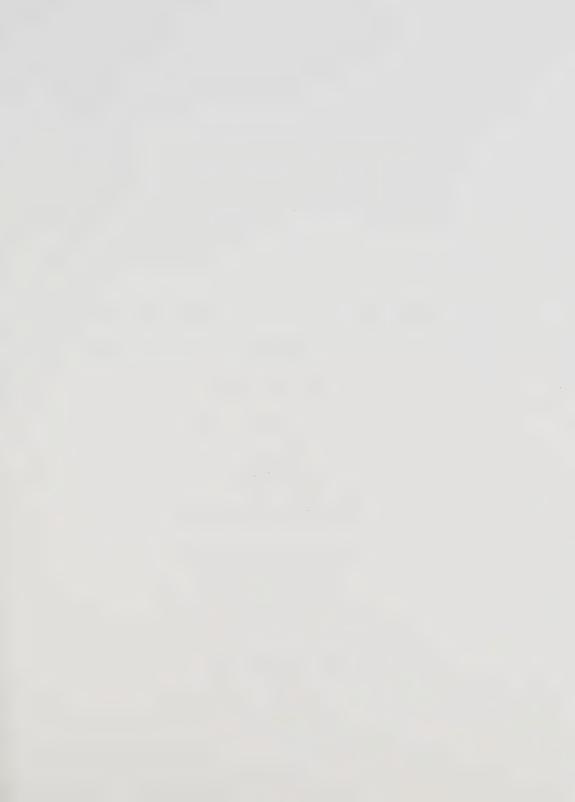
Mr Prue: I think it's a good motion; I think it should stand just the way it is.

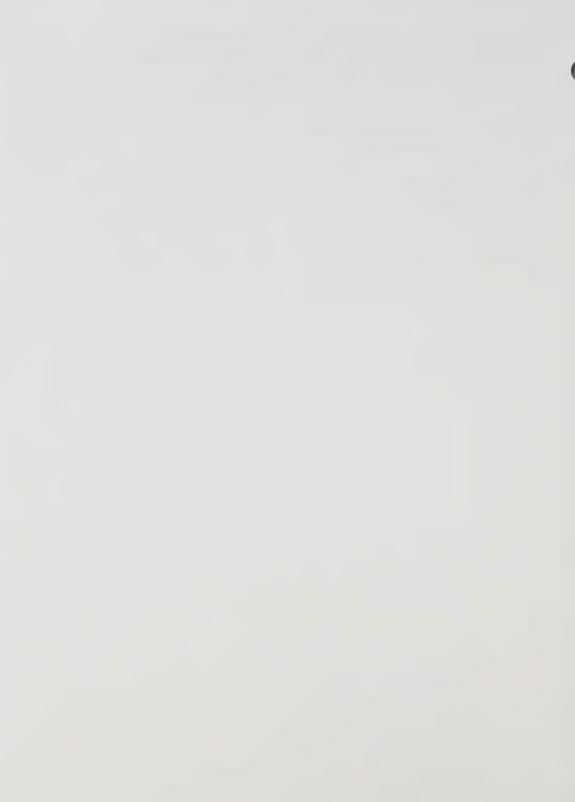
Mr Wilkinson: I just want to thank both Mr Klees and Mr Flaherty for bringing the travelling Tory leadership road show to the good people of the county of Peterborough.

Mr O'Toole: Mr Chair, I would just like to make one other comment, if I may, in the light of what has just been said. I'd like to recognize as well that Steve Gilchrist is still working for a sustainable environment. As well, Gary Stewart, the former member from Peterborough, is here. He has listened diligently. I hope the future is bright for him.

The Chair: Thank you. This motion will be dealt with at the report-writing stage on March 10. This meeting is adjourned.

The committee adjourned at 1614.





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Tuesday 10 February 2004

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Mardi 10 février 2004

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Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 10 February 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mardi 10 février 2004

The committee met at 0900 in room 228.

PRE-BUDGET CONSULTATIONS ONTARIO MEDICAL ASSOCIATION

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. Good morning, everyone.

I would ask the Ontario Medical Association to come forward, please. You have 20 minutes for your presentation. You may leave time, if you wish, for questions within that 20 minutes. I would ask you to identify yourself for the purposes of Hansard.

Dr Larry Erlick: Mr Chairman and committee members, good morning. I am Dr Larry Erlick, president of the Ontario Medical Association. After my remarks, I am looking forward to answering any questions the committee may have.

I've been in practice since 1972. I'm a comprehensive care family physician and an emergency physician. For many years I was deputy director of emergency and urgent care at the Scarborough General Hospital, as well as a member of the medical advisory committee. I believe this has afforded me the opportunity to gain insight into many of the issues confronting our health care system at multiple levels.

Our message today is simple: Increasing delays in treatment and access to medically necessary care no longer can be tolerated. The health care and well-being of our patients is at risk.

Having practised for more than 30 years, one thing I know for certain is that the people of Ontario—in fact, all Canadians—deeply value our health care system. Year in and year out it ranks as the clear number one priority for voters of this province. This committee does not face an easy task. You have heard from many people in the last two weeks, and this week you will again hear from other groups advocating for what they believe needs to be a priority. We are beyond priorities; we are talking about necessities. There is a crisis in the health care system.

I am here today advocating for my patients to make sure they continue to receive the medical care needed and delivered by the best and most skilled doctors in the world: Ontario doctors.

The OMA has been a partner with government in developing innovative approaches to health care delivery. I take pride in having negotiated the family health group

concept last year with government, an innovative way to deal with improved access for patients that recognized the value of comprehensive care family physicians. In fact, the Ontario Medical Association has developed with government over 100 different alternate payment plans to deliver care to our patients that best suits their needs, the needs of the community and the needs of physicians to delivery quality care. All of this is in jeopardy today.

One of the biggest frustrations I face each and every day as a family doctor is telling my patients they're going to have to wait months to see a specialist or get an important diagnostic test. Wait lists to see a family doctor or a specialist consultant are unacceptably long. Our emergency departments are overloaded. Surgeries are delayed while anxiety and suffering continue.

Governments have cut back services, restructured and consolidated in the name of efficiency. There is no meat left to cut from the skeleton of health care. At present, we have increased stress for providers, as well as frustration and fear for our sick patients and their families. I have been all across this province. I've seen and heard at first hand the dissatisfaction and concern from my colleagues and their patients.

The OMA recently completed a survey of 2,000 physicians, the largest ever undertaken, to assess physician concerns about the health care system. I am providing for the committee a copy of those results. I strongly urge you to read those results to see what the doctors of Ontario—your constituents—are saying about the state of health care in this province. These women and men are on the front lines, and much of what they have to say may surprise you. Doctors are frustrated by their inability to provide the quality care to their patients that they have been trained to deliver.

We are entering into negotiations with the government to address the problems of delayed access to medically necessary care. As a backdrop, we cannot ignore the facts. The fee schedule used by the government to pay for medically necessary services is seventh when compared to the other 10 provinces. The ratio of patients per family physician is the worst, or 10th in the country. Medical students are finding family medicine unattractive because of poor remuneration, heavy debt load, high tuition fees, lack of resources and high overhead costs. We are short almost 2,000 physicians in this province and have not enough established growth in medical school enrolment to deal with this fact, let alone that one in three

specialists and one in four family physicians are over the age of 55 and will retire within the next five to 10 years.

You must address in your budget deliberations the realistic challenges of retention and recruitment of physicians. This is not an option. We cannot afford to lose any more physicians to other provinces or the United States. We must recognize that our highly skilled medical resources are being drawn away by more attractive fee schedules, better infrastructure support and improved quality of life. Competition is real. The OMA supports and has become involved in developing integrated approaches to the delivery of health care with other allied health care providers, including nurse practitioners, social workers and dietitians. We are also working to get rid of the red tape and speed up the process to allow Canadian-trained physicians in other jurisdictions as well as qualified international medical graduates to come to Ontario.

Government has repeatedly stated its desire to hire more doctors, yet we are having trouble keeping the ones we have. Those not looking to leave are so frustrated by their inability to provide timely access to care that they are planning retirement. In either case, they are gone forever and there is no one in the wings waiting to replace them.

Over the course of the last four years, fee increases in Ontario have not kept pace with inflation and the rising cost of running a practice. Contracts reached in other provinces have resulted in a steady decline in the relative value of Ontario's fee schedule to seventh place. Ontario is no longer the preferred place to practise.

Ontario is not competitive, and this is having a real effect on your constituents. As a result, we are experiencing extreme difficulties in recruiting and retaining doctors in this province. In turn, we have a million people in Ontario without the expert care a family doctor can provide, a figure that could double in the next eight years.

Despite the erosion in the value of Ontario fees, our doctors and the OMA remain committed to managing the medical care system in Ontario in partnership with government. Our surgeons need more operating rooms to deal with the wait lists; we need more diagnostic services; we need an improved public health care system; we need improved integration with other allied health care providers; and we need to start the long overdue process of long-term-access model planning. Timely access to medically necessary care for all Ontarians is our goal.

Remember as well that the population of Ontario is expected to grow significantly faster than the overall Canadian population. Economically, Ontario's GDP per capita remains second only to Alberta. Ontario government expenditures per capita are the lowest of all the provinces. Although in 1992 Ontario had the highest per capita spending on health care, at present, in 2003-04, the per capita spending on health care is expected to fall to seventh among the 10 provinces. Since 1987, spending on physician services in Canada has dropped from 16% to 12.9% of total health expenditures.

0910

Losing physicians to other jurisdictions is of grave concern to those of us who are still practising in Ontario. Doctors are deeply concerned about the physician shortage in this province. We are not training enough doctors to meet the current, let alone future, requirements of our citizens. There are critical shortages in virtually every specialty, from family practice to obstetricians and gynecologists. While the doctor shortage may not be news to you, what may be is the extensive plan the OMA put forth 18 months ago to address it.

The OMA has produced strong and practical recommendations to improve the physician human resources situation in Ontario. I have provided the committee with a copy of the executive summary; the full document can be provided. Unfortunately, processes of implementation of those recommendations have been bogged down in Ministry of Health committee upon committee deliberations. This document outlines practical ways to address short-, medium- and long-term solutions to a real crisis in this province. We need to improve access to patient care. We need to improve physician morale. We need to improve doctors' perceptions of this province.

What this committee needs to clearly understand is that there is no more room for cutting. It is time to take real action and demonstrate the fiscal commitment that we have seen in other provinces, to improve the professional lives of our physicians and provide the resources necessary to allow doctors to do the jobs they are trained to do: care for the people of Ontario.

Our negotiations with government to enhance medical care in Ontario are not about options and luxuries and things that can be put off until tomorrow or next year or the year after that. Our negotiations and needs are here and now.

We are committed to finding workable solutions that address the needs of the province, the patients and the physicians of Ontario.

I've been involved with the OMA for over seven years and I have seen the problems in the system building up. Doctors are tired, frustrated and undervalued. The patients we see are sicker, they require more time, and the support systems to meet their needs at home and in the community are lacking. We need to start to fix the system now.

Premier McGuinty and Minister Smitherman say our health care system is the best expression we have of the values we share as Canadians. If this government truly believes this, then it is time to do as Ontario doctors have been doing and step up to the plate and address some of the real issues that are driving Ontario doctors out of this province and worsening the crisis in access to health care for Ontarians. The time to act is now.

Thank you very much.

The Chair: Thank you. We have about two minutes per party for questions. We'll begin with the official opposition.

Mr John O'Toole (Durham): Thank you, Dr Erlick, for your presentation this morning. There are a number of

presentations ongoing in the province with respect to health care, not the least of which are Bill 8 and Bill 31, dealing with health quality and the whole issue of health privacy, which you and I have had some time to work on in the past. It's an important ingredient in streamlining the delivery of health care while securing privacy issues.

You mentioned in your presentation several times that the fee issue is a huge issue. I could cite an article from April Lindgren in the Post this morning, where she says, "Doctors See Medical Tests as Wage Negotiation Tool." The ongoing negotiations are a part of trying to drive more money for health care, yet the government's own documents that I'm looking at show that 46 cents out of every dollar is being spent in health care. My question to you is, is there any new method in providing health services or increasing accessibility to health care?

In the context of some of the initiatives you mentioned in your presentation, one of which is the clustering of doctors, the family health networks or other methods—which really, at the bottom line, is rostering of doctors' services—what is the OMA's position toward collaborative health care, which includes the recognition of the important and expanding role of nurse practitioners? If you go for a fee for service, it drives volume, yet if you go for a rostering model it could potentially create more line-ups. Technically, are they going to see more people if they're on a salary?

Yesterday in Peterborough we had a very, very informative—

The Chair: You have a number of questions there, Mr O'Toole. We'll let the presenter answer.

Mr O'Toole: Excuse me, Chair. I have the floor. If you want to intervene on a procedural issue, that's fine.

The Chair: If you would leave time for an answer, it would be helpful.

Mr O'Toole: Are you going to add that time to mine? I'd appreciate it if you did.

Mr Mike Colle (Eglinton-Lawrence): You only have two minutes.

Mr O'Toole: Mr Colle is now speaking. Who is speaking with you, Mr Colle?

Mr Colle: You only have two minutes.

Mr O'Toole: What difference is that to you? Go through the Chair, please.

The Chair: Order. I'm asking the member to—

Mr O'Toole: Mr Erlick, you see the difficulty here of getting any serious debate going. They want to just slough you off on the most important issue in this province.

Interjection.

The Chair: Order, please.

Mr O'Toole: Do you support a new approach, as opposed to a fee-for-service model, in the delivery of health care, for accessibility? In fact, we're spending more money on health care, and I question some of your numbers.

The Chair: Thank you for your comment. We'll move to Mr Prue and the NDP.

Dr Erlick: Can I answer?

Mr Michael Prue (Beaches-East York): No. I have some real questions.

Mr O'Toole: On a point of order, Mr Chair: I had my watch clearly on, and there was still time left for Dr Erlick.

The Chair: I said all parties would have two minutes. Included in that is the answer—

Mr O'Toole: Well, I'll be watching, because it seems to me that—

The Chair: —and you left no time for an answer. We move to Mr Prue.

Mr Prue: You have stated that the OMA is trying "to get rid of red tape and speed up the process to allow Canadian-trained physicians in other jurisdictions and qualified international medical graduates to come to Ontario." We know that in the past not your group but the College of Physicians and Surgeons and some of the professional nurses' groups have been part of the sticking point. What is the OMA doing to get around that sticking point? We have thousands of foreign-trained health care professionals in this province. What are you doing?

Dr Erlick: Within the province itself, one of the sticking points has been the 12 to 18 months it takes to get certification of specialists through the royal colleges. We worked with the government last year to amend the OHIP fee schedule. It therefore allows for recruitment of physicians without that necessary step.

Again, we welcome the introduction of qualified, well-trained international medical graduates. In fact, 25% of the practising physicians in Ontario today are foreign-trained, and that resource is vital if we're going to retain and recruit in the short term.

Mr Prue: My second question is, you have said that Ontario doctors have now fallen to seventh place, and we were in first place in 1992. How much extra would it take to get Ontario doctors back to number one, or even number two if we have to be behind Alberta?

Dr Erlick: Over the last six months we've been working with the Ministry of Health as part of our prenegotiations to develop a common, shared database that we both agree to use. That's where that number comes from. We hope to conclude our negotiations by the end of April—at least that is what's called for in our agreement—and fix a number. What we're looking at, again from our 2,000-member survey, is that we have to deal in the short term with retention and recruitment. If we don't recognize that we're losing doctors, we will be noncompetitive with other provinces. Ontario is not the place physicians look upon as where they want to come and practise or stay.

Mr Prue: But how much to get to number one?

The Chair: We'll move to the government and Mr Colle.

Mr Colle: Thank you, Dr Erlick. While I was in opposition, I moved a private member's bill, which the previous government blocked, to end mandatory retirement in Ontario. One of the things that really bothers me is that we've got highly qualified, expert doctors who are being forced, basically, out of hospitals, out of the field, through the silly rule that says that at 65 you can no

longer practise in this province if you are affiliated with a university. Do you have any idea how many doctors we lose because of this ridiculous mandatory retirement provision in Ontario?

Dr Erlick: Unfortunately, I can't give you that exact answer, but certainly that has been a sticking point for many years with us, retiring at 65 when someone is well qualified to continue to provide care. As well, even for physicians who are older than that and who are prepared to continue working part-time, we should also be addressing those needs and modifying how we can keep our physicians working. We do know now that one in three specialists is over 55, and there is a cohort of neurosurgeons approaching 60.

Mr Colle: And if they want to work part-time, under the mandatory retirement they can't even come in and do

that?

Dr Erlick: Many of the practice plans in the academic centres don't allow that, although we are now in the midst of renegotiating academic health science centre contracts through the ministry.

Mr Colle: Thank you very much, Doctor. 0920

The Chair: Mr Orazietti, very quickly.

Mr David Orazietti (Sault Ste Marie): Thank you, Dr Erlick, for your presentation. The riding that I represent is Sault Ste Marie, and in that riding we have the Group Health Centre, which was a model recognized in the Romanow commission report. I'd like your feedback on these types of health care facilities and whether or not you think they can play a valuable role in terms of retention and recruitment of physicians in this province.

Dr Erlick: I believe that we have to integrate our health care system delivery, and I certainly believe, in terms of primary care delivery, using nurse practitioners—I must remind you that doctors and nurses have worked together for years, and nurse practitioners are working in many of our alternate-payment models. The Group Health Centre model in Sault Ste Marie has provided excellent care. It's one method of providing care. It's a capitated global funding model. We have different funding models for different parts of the province: rural; in terms of northern group funding as opposed to community service contracts. All those models serve the needs of the community and best provide the

I might mention just in passing that I'll be going to Peterborough on Thursday, where they too are working with the local communities, the community health centres, public health. I've talked to the chair of the medical staff there. I'm going to be meeting with the community leaders and the physicians to discuss a very innovative approach they are taking to the delivery of primary care in Peterborough to address the needs.

The Chair: Thank you for your presentation.

ONTARIO TRUCKING ASSOCIATION

The Chair: I call on the Ontario Trucking Association. You have 20 minutes for your presentation. You

may leave time within that 20 minutes for any questions, if you so desire. I would ask you to identify yourselves for the purposes of Hansard.

Mr David Bradley: My name is David Bradley and I'm president of the Ontario Trucking Association. On my far right is Stephen Laskowski, OTA's manager of policy and research, and on my immediate right is George Ledson, who is chairman of the Ontario Trucking Association and owner and CEO of Cavalier/Georbon Transportation in Bolton, Ontario.

Thank you very much for the opportunity to speak to you this morning. There are some new faces around the table, so I don't want to belabour it, but just a little bit of

background about our industry.

Trucks haul 90% of all consumer products and foodstuffs in the province. We employ directly in excess of 200,000 individuals. Interestingly, in the last census of Canada, truck driver was the major occupation for Canadian males in the country, and the same would no doubt apply here in Ontario.

Perhaps our role is most evident when it comes to our trade with the United States. Some 80% of the value of all trade between Canada and the US moves by truck. The reason for that is really quite simple. It's because of the service that trucks provide: flexible, reliable service that fits very neatly with the just-in-time and quick-response inventory systems preferred by manufacturers.

We think this is an extremely important budget and an extremely important time in Ontario. We believe our economy is vulnerable at the present time. Consequently, what we need to try to do are two things.

One is to ensure that we have the access to the US markets that we have enjoyed up until 9/11. In fact, I would say that Canada, and Ontario in particular, was the envy of the free world in terms of the proximity to that large market and the relative ease with which we were able to tap into it. That, of course, has changed quite considerably. Concomitant with that is that Ontario industries now, more than ever, have to be competitive in that market to be able to make up any of the lost productivity and efficiency that we've seen at the border.

In terms of access to the market—and we believe this is the single largest economic issue confronting Ontario at the present time; it is the driver of direct investment in plant and equipment in the province—one of the things we would urge you to look at is to continue to maintain investment in our highways, which are our rivers of trade in the 21st century. I think the government has made some useful announcements, even though it is early days in terms of the new McGuinty government, but it's something that needs to be maintained. I would say that the former government also did a very good job over the last five years in terms of investing in our highway system.

If I had to pick one project now that requires urgent attention—that is to get on with the job of implementing the medium-term solution in Windsor—is the \$300-million joint plan both the federal and provincial governments have agreed to. They've come up with a nine-point

plan for fixing, at least in the medium term, some of the issues at Windsor. That would set the stage for a longer-term and a more forcible solution. However, we've now seen many, many months pass since the nine-point plan was agreed to and there is no implementation in sight. I would urge you to get on with that.

In fact, a truck driver once said to me, "You can take a truck from Toronto to Miami and you'll go through 17 stoplights; 16 of them are in Windsor," yet it is the world's largest gateway for trade and it is in an intolerable situation. As economies come back on stream, we run a real risk of choking off that trade with the United States which is so important in terms of our competitiveness.

In terms of our competitiveness as an industry, we do need to look at taxation, making sure that taxes are equitable, that they're efficient and that they're based on ability to pay. If we don't do that, we run the risk of deteriorating or not being able to build what we think is required, which is an Ontario advantage. We don't think, as Canadians or Ontarians, that we should just settle for a level playing field with the Americans. We have a smaller economy. We don't have the economies of scale that they have. We need to have competitive advantages on this side of the border.

One of the areas that businesses—I'll speak specifically to the trucking industry—are at a disadvantage is with respect to taxation on business input. Presently, if you purchase a truck in Ontario, you'll pay three different types of taxes, all of which we have to administer. You'll pay the federal goods and services tax; you'll pay on intra-Ontario trucks; you'll pay the provincial sales tax, the 8%, up front; and if you have trucks that cross the border, you will also pay what's called the multijurisdictional vehicle tax, which was introduced a couple of years ago to try to address some specific problems in terms of the demise of the interprovincial sales taxing arrangement and the coming on stream of an international registration fee compact between the 60 North American jurisdictions.

If you look at the map we've included with our submission here, you'll see that while perhaps you might argue it's not an island, Ontario has chosen by moving the MJVT approach to take a position very much different from most of our competitor states in the US and most of our competitor jurisdictions in Canada. The yellow circles signify those US jurisdictions where in fact trucks that cross borders are not taxed. They're salestax-exempt. The blue dots, Quebec east, represent those jurisdictions that have harmonized with the federal goods and services tax. The hollow circles are those jurisdictions that have something like the Ontario multi-jurisdictional vehicle tax.

This tax was rushed in at the time, and I think most people in the finance department would recognize that and admit to that. They were trying to do a lot of things with this tax: having to deal with different types of fleets; whether they cross borders or not; different tractor-trailer ratios; different ages of equipment. Putting all that

together in one neat formula where you have a recurring sales tax is a challenge at best. It's also very difficult to administer if you have mixed fleets, which most of my members would have, and very difficult for the province to administer as well. I can tell you that audits of the MJVT still have not started, and I think that's because to unravel all the different parts and service taxes and whether they should be applied by MJVT or by a provincial sales tax is very difficult and costly to do.

So what did we do? We hired the Rotman school of business at U of T to take a look at taxation of our industry. You'll see that the effective marginal tax rate on capital and on labour and translating that into our service costs is significantly higher, staggeringly so, than the major competitor states' submissions—eg, Ohio and New York—and similarly, compared to other Ontario industries—manufacturing, mining, communications, forestry—we're taxed significantly higher on our business inputs. That's a form of discriminatory taxation and it breaks one of those tenets of efficient equal taxes.

So what are the choices, if you were to pursue this, to try to make our industry more competitive and at the same time make the rest of the Ontario economy competitive? One of the things you could do would be to simply exempt equipment in Ontario, as it is in 25 US states. That has happened before. In the early 1980s Ontario had that policy, but it's not likely, given the current fiscal situation of the provincial government. We could continue to tinker with the MJVT, look at broadening the base to include all trucks, not just those that cross borders, but this is a very cumbersome tax and, again, it's out of step with the approach taken by our major trading partner.

Finally, the suggestion that we think you should pursue and consider would be to harmonize the provincial sales tax and the multi-jurisdictional vehicle tax with the federal GST. We think this is the most appropriate way to tax business inputs. If you look at the experience around the world, there are many ways to lessen the impact on consumers, the most disadvantaged or for projects of a political nature. There are ways to deal with those things.

We would recommend that you move in that direction. According to the Rotman folks, this would reduce the effective marginal tax on capital; it wouldn't completely eliminate it. There are some things that would need to be done at the federal level, but it would introduce a much more efficient and equitable tax and one that is much easier to administer, both for industry and government.

Thank you very much. If there is time, we'll take questions.

The Chair: We have about three minutes per party and we'll begin this rotation with the NDP.

Mr Prue: Thank you very much. I'm most concerned about Windsor. I think that's your number one concern too. What is delaying the process? Is it environmental concerns? Is it community opposition? What is it, in your view, that is happening in Windsor that we're not proceeding?

Mr Bradley: It has mainly been an issue, I believe, of local politics. City council has for the most part been opposed to the nine-point plan that was proposed by the federal and provincial governments. Similarly, as we have had a provincial election, there was also a municipal election there which introduced a whole new slate of councillors. They are now starting to make some noises of looking for some other solutions. As yet, they have not been able to put any forward that seem to make sense.

The beauty of the nine-point plan was that it didn't disadvantage any of the major proposals for private infrastructure in Windsor. It doesn't disadvantage the Ambassador Bridge's proposal to expand and change the route to their bridge, and of course they've got a monopoly situation in Windsor right now. It also doesn't disadvantage the Detroit River Tunnel Partnership, where CP Rail would like to take the existing rail tunnel, which separates cars from trucks, and make that a truck-only route. And it doesn't disadvantage the real longer-term solution, which is looking 10 to 15 years out, although we could use it today: a second bridge at Windsor. What it does is bring the highway linkages to the front door of each of those projects.

Mr Prue: What can the province do, though? Should the province, in your considered view—are you asking us to override the municipal concern? They do have jurisdiction in the planning process.

Mr Bradley: I wouldn't suggest that I would use the word "override." I would suggest that the senior levels of government do need to show some leadership here. Fixing the problems in Windsor is of national and provincial importance. I would suggest that what they need to do is garner a good understanding of where the opposition is coming from, the parts of the community that are most affected, and then take measures to try to work with those communities to ameliorate those concerns. I think those things can be done and I don't know that enough effort has been put into that at this point.

The Chair: We'll move to the government.

Mr Colle: Thank you, Mr Bradley. In terms of the MJVT, it seems that this approach to taxing trucking is really putting trucking in Ontario at a comparative disadvantage with your competitors in Ohio, New York etc. I guess the real question here is, you're suggesting that it's basically not worth making adjustments to this because you're never going to really make it work, that we should therefore go beyond looking at the adjustments and go to the harmonization. But how long will that take? Are we better off maybe trying to do something more trucking-specific before we go into the harmonization route of PST, GST etc?

Mr Bradley: What we found with the MJVT was when you rush things in, often you get a partial solution that creates as many problems as those it tries to solve. In terms of introducing a GST outside, I suppose, of any political considerations that the government would have to undertake, in terms of actually implementing a harmonized system, if you look at the experience in Quebec and Atlantic Canada, it has gone quite smoothly,

because the fact of the matter is that the federal system already exists and the province is already collecting GST on behalf of the federal government. So from a system's point of view, it's not that great a transition. I think the thing that will take time, perhaps, is the political decision, but I believe once that's taken, the actual mechanics will run more smoothly.

If indeed it was felt that we're not going to move in this direction, then clearly we're left with second-best, and second-best at that point would be to try to make the MJVT as efficient and fair as possible. One of the ways of doing that might be to bring all equipment under the umbrella, but I would argue that that should only be done if it were on a revenue-neutral basis so that the industry gets some efficiency out of the tax that it doesn't get right now.

It was introduced solely for the purpose of—with the introduction of the international registration plan, which, again, is a compact on vehicle registrations—pro-rating them across all jurisdictions. With that, the interprovincial sales tax arrangement died, where each of the provinces used to share, based on miles, the sales tax on equipment. When that died, Ontario no longer had a mechanism for collecting from Alberta carriers and Quebec carriers and this and that and everything else. So they seized upon this recurring sales tax, which is now called the MJVT, because it could be collected through IRP if you didn't call it a sales tax. That's basically what they did.

The Chair: We'll move to the official opposition.

Mr O'Toole: I for one also agree. We were in Windsor a couple of weeks ago and there was a huge line-up of trucks. It's just discouraging in an environment of just-in-time. So I agree with your proposal there and I take it as notice that the government understands that.

I'll just bring to your attention that yesterday in Peterborough we had an interesting presentation from a company called GlobalTech which, in brief, really uses just a small amount of hydrogen to act as a catalyst in the ignition. It increases mileage and horsepower and eliminates emissions for diesel and almost all traditional combustion engines. It would be worth looking into that. In fact, we passed a resolution, or at least moved a motion, yesterday to encourage the government to incent that cleaner environmental issue, along with the transportation issue.

I do want to pick up on your comment on the harmonization and the MJVT. What I was thinking was that I'm kind of concerned that the harmonization in a broad sector is really a cash grab for the government; it really is. It's a huge issue, and a whole range of goods that are now GST-taxed aren't PST-taxed, so you're increasing the list of items, and services primarily, that would then be taxed at 8%, the provincial sales tax. It's a cash grab. Would you agree to something like where this would apply as a replacement tool only for your industry-specific needs?

Mr Bradley: Certainly, if we could carve out trucking, I would be happy with that. But I just believe that a value-added tax approach is the best way to approach a taxation of consumption compared to the PST. I would argue, Mr O'Toole, that there isn't a whole lot left, quite frankly, that isn't under the PST umbrella at the present time. But where you have situations, whether it's food or municipalities, for example, as we just saw last week in the throne speech federally, exemptions can be provided to ensure that for those less fortunate or those products or services where the tax is an issue, you can deal with that.

Quite frankly I'm interested—and I'm coming at it from something I know, which is the competitiveness of my industry, which many other industries have and ours doesn't. But at the same time, when I look in most jurisdictions, their experience is that when they introduce the value-added tax, they find that they generate more revenue than they initially expected. Now, there are two ways of dealing with that. You could say, "We're going to be revenue-neutral." At the same, I understand that the government does have a fiscal imbalance and they're looking at all sorts of other ways of raising money, many of which, to my mind, are regressive. Whereas I think that were we to generate more revenue from a GST approach, it is still a more efficient, balanced way of taxing consumption than the present one.

The Chair: Thank you for your presentation this morning.

0940

CANADIAN UNION OF PUBLIC EMPLOYEES, ONTARIO DIVISION

The Chair: I call on the Canadian Union of Public Employees, Ontario, to come forward, please. You have 20 minutes for your presentation. You may allow time for questions, if you desire. I would ask you to identify yourselves for the purposes of Hansard.

Mr Brian O'Keefe: Good morning. My name is Brian O'Keefe. I'm the secretary-treasurer of CUPE Ontario. Unfortunately, Sid Ryan, the president of CUPE Ontario, is unable to be here this morning. He's laid up with the flu so I'm doing his role.

CUPE Ontario, as you know, is the largest union in Ontario. We represent some 200,000 members across the province. We have brought with us this morning a representative from each of the major sectors where we represent workers across this province. I have Charlotte Monardo, who is the chair of our school board workers' committee. She works with Kawartha Pine Ridge District School Board. I have Valerie Hartling, who is representing our social services workers' committee. Val works with the Toronto children's aid society. I have Janice Folk-Dawson, who is the chair of our university workers' committee. Janice works for the University of Guelph. Mary Willis, beside me, is the chair of our health care committee. Mary works for Streamway Villa nursing home. Finally, we have Brian Manninger, who is the chair of our municipal workers' committee. Brian works for the municipality of Chatham-Kent.

We're here today to talk to you about rebuilding public services, rebuilding our communities and to issue you a challenge. We are challenging you to join us in a campaign that we have underway to build strong communities across the province of Ontario. That is the essential task, we feel, that needs to be presented here this morning. This is the task that the Liberal government was elected on. We are all experiencing the aftermath of the policies of the previous government. We all know that approximately \$14 billion was extracted from the revenue base of this province by the previous government through tax cuts.

Our members experienced this at first hand. We know what it's all about. I want to remind you that CUPE workers are the workers who deliver essential services across this province, such as child care services. I want to remind you that it was our members who put their lives on the line in the SARS crisis last year. Our workers are also those workers out there in winter who fix water mains in temperatures 30 degrees below zero, and many other services. Our members deliver a very large percentage of public services across this province, so we know what the impact of cuts is all about.

Another reason why our members know what cutbacks in public services are all about is because, quite simply, their jobs are on the line. What we're seeing in many parts in this province is trying to do the job with less money and fewer workers. Many of our members have had their job targeted through privatization, through contracting out, and now we're haunted with the spectre of public-private partnerships, which is a huge concern for our union. That is the reason why we're issuing a challenge to you this morning, both to the committee and especially to the government, to join us in rebuilding this province and investing in public services.

The government platform in the last election basically addressed the issue that the glass was half empty and that serious change needed to take place. In fact, the title of the platform was Choose Change. Now we're finding that maybe this is not the case; maybe the way this was described in the election is not the reality of the situation. The discussion paper that is being used for the public inquiries across the province is talking about privatizing many public assets such as the LCBO. We're hearing about user fees. This is of great concern to us. We feel this government was elected on a very clear platform, a platform of investing in our communities, investing in public services, and that's what our challenge is all about.

I want to talk about the whole issue of public financing and how we deal with capital infrastructure in this province. As we know, and we acknowledge it, there is a huge infrastructure deficit in this province right now, and massive investment is required. But we want to make it very clear that public-private partnerships are not the route to accomplish this. Public-private partnerships are, to a very large extent, financial scams to get capital expenditures off the government books. It's too clever by half, and the reality is that the government ends up paying more in the long run for these projects.

I'll give you an example of the Nova Scotia schools. There was a public-private partnership out in Nova Scotia to build approximately 35 schools and the Nova Scotia government realized that it cost them more to go that route than if they had built the schools themselves, to the tune of \$32 million. That's on record with the auditor general out in Nova Scotia.

There are zillions of examples around this particular situation. We have all the research that's available on hospitals in England, where we've seen a 30% cut in beds and a 25% cut in jobs.

We feel this is a very retrograde route to go for the financing of public infrastructure in this province. We hope this government will not go down that road.

To give you some other examples of why this is wrong, what public-private partnerships do is actually open the door to the outright privatization of services. In order to leverage money from the private sector, it hands over ownership and control to the private sector. Rather than going down that road, what this government should be doing is leveraging money from the private sector in such a way that ownership and control remains in the public sector, not in the private sector.

There's a huge issue around jobs involved here. The contracts that are out there for the William Osler Health Centre in Brampton and the Royal Ottawa Hospital—we know that there's a bundling aspect to those contracts that includes services. If I can remind you of some of the horrendous developments that occurred in British Columbia, where wages of workers have been cut in half, being reduced by as much as \$9.50 in Vancouver General Hospital, to give you one example. The Premier has given us an assurance that he does not want to go to a low-wage economy in the province of Ontario, and bundling of services through public-private partnerships is the slippery slope to a low-wage economy. That's another reason why we are totally opposed to these arrangements.

There is also the situation of liability, transparency and accountability. On the liability issue alone, if I could remind you of what happened down in Hamilton with the privatization of the water service down there, which has been through a number of bankrupt companies, one of them being Enron. The municipality of Hamilton ended up having to pay the tab for 180 million litres of raw sewage ending up in Hamilton Harbour. There is no control with these public-private partnerships. It's giving away the store. I just want to emphasize once again to stay away from that way of financing public infrastructure in the province of Ontario.

If I can return, once again, to the projects that are currently out there—the William Osler Health Centre, the Royal Ottawa Hospital, and also the six other hospital projects that are in the works—we don't even know the details of these contracts. There's no transparency here. It's all done behind closed doors. The two issues for CUPE are, one, ownership and control, and the other one is centred around this just being another scam so as to cut the wages of public sector workers. I want to make it

very clear that our union is not going to stand on the sidelines and allow this to happen. We're going to fight this with everything we've got, because we feel it's bad for the taxpayer, it's bad for Ontario, it's bad for our communities, it's bad for workers, it's bad right across the world. It's a regressive form of policy, and it's not in the interests of the province of Ontario.

With that, I'd like to talk about some of the issues that exist in our different sectors. I'm going to start off with the university sector. We have a campaign currently underway in the university sector in which representatives from our university committee are travelling the province visiting different universities as a way of doing a campus evaluation of the conditions in universities. Last week, they went to the University of Guelph and McMaster University. It's very interesting what they've turned up. We've heard a lot about the double cohort, which seems to have kind of dropped off the pages of the newspaper these days, but there are serious implications of the overcrowding and the current conditions in universities.

To give you a few examples, in the University of Guelph, there is a dorm there where 40 young women share two shower stalls. At McMaster, there are three students living in rooms built for two. We heard about the engineering building at McMaster, where sewer fumes were filling the building just because of maintenance being put off. This ties in with the fact that there's a deferred maintenance bill right now in universities across the province to the tune of \$1.7 billion. At Guelph also, students line up for 20 minutes at a library computer terminal just to find the call number for a book. This is outrageous, and serious dollars are going to have to go into our university system in order to rectify these sorts of problems. This campus checkup evaluation process that we're doing is ongoing, and we'll certainly be reporting on that later.

Obviously, our union supports the tuition freeze, but we don't want to find ourselves in a situation where universities end up with no money to do the nuts-andbolts work they need to do. So, we're making a strong argument here that there needs to be a serious infusion of operation dollars that flows into the university system.

The issue again in the school board system is a question of dollars. There are not enough resources in the system, and this point has been made over and over. During the election the Premier and the Minister of Education and other members of the government made this a huge issue: that they were going to pump significant resources back into the school board system. We're calling for significant multi-year funding for the school board sector. When we say "multi-year funding," we're not just talking about meeting inflation; this has got to go beyond inflation.

If I might refer you back to the funding formula and the remarks that were made in the Rozanski report, we're calling for the changes advocated by Mordechai Rozanski. We're advocating that those be implemented, and I'm talking about the real intent of that Rozanski report, not the sanitized interpretation by the previous government.

We are the main union in Ontario that represents school board support workers. We actually represent 45,000 members in that sector. We're seeing appallingly high workloads experienced by many of our support workers, particularly custodians and secretaries, and also teaching assistants. That is something we feel is very much the result of a defective funding formula, which is geared to parts of the school system other than the areas where our members work. Also, the cash-strapped boards with deferred building maintenance costs and lowered cleaning standards are a huge problem. The classroom is an integrative place. If you've got an unhealthy environment where children are expected to learn, that's not going to happen. We're calling for a serious review of that funding formula that addresses the concerns of support workers in the system.

The final point I want to make is that underfunding has led to some pressures toward contracting out, particularly in the area of custodial work. This does not make any sense. The custodial workers in the school board system play a very important role, they have very close contact with the kids, and to try and farm that out to the private sector would be an extremely retrograde step. We're urging the government to stay away from that and not advocate anything that would farm out these workers to the private sector.

In the municipal sector, the issue for our members is the aftermath of the serious downloading that has taken place over many years. Our municipalities are struggling. There's a huge infrastructure deficit right across the province. This is our biggest area, actually. We represent some 80,000 members in this sector and our members work on the front line in a whole variety of different areas in the municipal area. They know the reality of what's taking place in our municipalities.

Obviously, we want to support the new deal for cities. We're supportive of close working relationships between the federal government and the provincial government to significantly address the concerns of municipalities. Giving additional taxing authority to municipalities to give them some control over their own house would make a lot of sense. So we fully support a portion of the gas tax going to municipalities and what other infrastructure monies can be channelled in that direction.

The Chair: I want to remind you that you have about two minutes left in your presentation.

Mr O'Keefe: I just need a few minutes to wrap up.

We are calling for some recommendations around—I'll do them very quickly—restoring the contribution to public transit funding; ensuring that child care money coming from the federal government is channelled where it should go, to regulated child care; and we want the cap on municipal corporate tax rates removed.

In the health care area—I talked about the hospital situation already—we have an appalling situation in long-term care. We've been working with the parlia-

mentary secretary, Monique Smith, and also with the Minister of Health to address that situation. The conditions for our workers in that sector are appalling. They're expected to work under almost impossible conditions. A lot of unpaid work is taking place there right now. Registered nurses and registered practical nurses can lose their licences if they don't do the work that's required, which means they're doing work beyond their hours in order to get the job done.

We are committed to working with the Ministry of Health to get that situation addressed, but no significant dollars are going into that sector. The minister made some remarks to us about using volunteers and family members. That is not going to cut it. The removal of a minimum standard of care, 2.25 hours, was an absolute disaster. We're calling for a 3.5-hour minimum care level and significant dollars going into the system.

Obviously the social services area has taken an enormous hit. We've got social problems right across this province as a result of the policies of the previous government, and it's our members who are doing society's dirty work and picking up all the problems and dealing with them. This is a grossly underfunded sector, particularly for community agencies. We're seeing strikes and lockouts rampant across this province. There have to be dollars that go into this sector to address concerns in that area.

As a union, we have a social conscience on this issue and we're not going to ignore the fact that the social assistance rates in this province are a disgrace. Many recommendations came out of the Kimberly Rogers inquest. The rates have to be reviewed. We're calling for social assistance rates to go back to 1995 levels, plus an inflation adjustment to take care of whatever inflation has taken place since 1995. There's a huge poverty problem in this province, and this government has to address it. This is not an area that can be ignored.

The Chair: I want to thank you for your presentation this morning.

Mr Peter Kormos (Niagara Centre): On a point of order, Mr Chair: I seek unanimous consent to extend the time to allow Brother O'Keefe to wrap up his comments.

The Chair: Is there unanimous consent? Agreed. You may go ahead.

Mr O'Keefe: I'll try to make this really quick.

What we have here is a serious revenue problem in this province, and we're asking this government to bite the bullet and do what is necessary to address that situation. The Ontario Alternative Budget Working Group came up with some very good suggestions which could address the current deficit that's out there, such as closing corporate tax loopholes, ending the exemption to the employer health tax, improving enforcement of tax collection and recovering a portion of revenues lost to tax cuts under the Tories by raising personal and corporate income taxes by 2%.

I might add that compared to other jurisdictions across North America, our tax rates in Ontario are actually very reasonable. I think the time has come when governments have realize that you can't run a government on fresh air. The last government gave away \$14 billion in revenue—it would have been \$16 billion if they got away with the additional money they wanted to cut. I think we've reached a point in time when governments have to seriously address this issue, bite the bullet and look at some form of tax increases. If I might say, what the NDP proposed in the last provincial election, adding two tax brackets for those who earn over \$100,000 a year, would be a very constructive and progressive way to deal with some of the revenue shortfalls that exist in this province.

All in all, we believe that the challenge is investment in our public sector and that it not be allowed to fall by the wayside. That's the challenge we're asking you to face, and not to continue on the same route of the previous government by cutting and chopping and destroying our essential public services, which are an important part of a modern society and a modern economy. We're going to shortchange ourselves if we continue down this route. We're calling for significant investment in our public sector and in our communities. That's what's going to turn this province around. We very strongly urge the government to live up to the commitments they made in their election platform.

The Chair: Thank you for your presentation.

ONTARIO HOSPITAL ASSOCIATION

The Chair: I call on the Ontario Hospital Association. You have 20 minutes for your presentation. You may allow time for questions within that 20 minutes, if you desire. I would ask you to identify yourself for the purposes of Hansard.

Mr Tony Dagnone: Good morning, Mr Chairman and committee members. I want to begin by thanking you for giving us this opportunity this morning.

I'm Tony Dagnone. In a voluntary capacity, I'm chair of the Ontario Hospital Association. With me is Hilary Short. She is the CEO and president of the OHA. She is someone who has contributed in a very substantial way to the health care system of our proud province. Also with us is Steve Orsini, a vice-president of the OHA.

Our single purpose this morning is to place before you a number of recommendations that we believe will lead to the creation of a better health care system for the benefit of the people of Ontario.

Just to begin, I should indicate that the Ontario Hospital Association is a voluntary organization representing some 159 hospital organizations located on 225 sites across this great province. In addition to those hospitals, we have membership from district health councils, children's treatment centres, rehab centres and mental health treatment centres. We are an association of health care providers dedicated to the continuing improvement of our health care system for Ontario citizens, and we're here this morning to underscore the fact that the OHA is there to serve the public interest when it comes to delivering quality care through our membership.

All of us here today know that on the streets and highways of our province, the blue sign with the large white "H" points the way to Ontario's hospitals, many of which enjoy a world-class reputation. But for those of us who work in the hospitals, this sign is also far more than just a symbol; it's indeed a promise to each and every resident of Ontario that they can count on those hospitals to get the care they need and when they need it. It means meeting the true promise of medicare, our cherished social program that truly distinguishes all of us as caring Canadians.

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The hospitals of Ontario are excited about the government's health care agenda that they have shared with the people of Ontario. A few weeks ago, after the election, the Honourable Mr Smitherman in his new capacity addressed the Ontario Hospital Association's annual meeting. In that particular address he said that his goal was to make Ontario's health care system more effective and more accountable. He said that effectiveness means more than just being responsive to patient needs; it meant that we had to provide timely care and a new emphasis had to be given on innovation. He also called for a new era of accountability and said that accountability means being answerable for our actions, not just good intentions. Perhaps more importantly, he said that we need a new spirit of common purpose at Queen's Park. We applaud this new spirit of collaboration and the new agenda in health care. Ontario hospitals couldn't agree more with our minister's pronouncements. We as a group of health care providers have a lot of confidence in his resolve to improve our system.

However, patients' expectations are very, very high and there is a huge amount of work that needs to be done, and that work has to be done together. If we do work together, we will be able to deal with the many challenges that each of our Ontario hospitals faces, and in particular those challenges facing the 200,000 health care workers who are associated with our hospitals. They're there to serve the patients in our community each and every day.

The Ontario hospitals take very seriously their obligation to get the maximum value for every health care dollar that is provided to them from the public purse. Our hospitals have taken the initiative to move forward with many innovative new ways of making the services that we provide more efficient. For example, we continue to increase the amount of day surgery performed in Ontario hospitals so that we can free up more of the scarce hospital beds for those patients who really need them most. After years of continuous quality improvements, Ontario hospitals are the most efficient among our peers from coast to coast. However, our job continues to try to improve the value that we're getting out of our health care dollars.

We as a group of hospitals in this province touch a lot of Ontario lives. Last year alone, Ontario hospitals provided high-quality care to 1.1 million residents who were admitted into our hospitals. On top of that, we as a collective group of hospitals provided care to some 15 million outpatient visits. We have provided care on a 24-hour basis, seven days a week, during a most unprecedented challenging year with SARS, which threatened the health of our staff, our physicians, all health care workers and our communities.

Each and every year, the challenge for our hospitals to respond to the increasing population is definitely something we are addressing at all times. As you know, Ontario's population grows by more than 150,000 people every year, and that's the equivalent of the entire population of Prince Edward Island. Over and above that, the people we are treating are aging. They are sicker and they require complex and costly medical treatment involving innovative therapeutics and expensive technology.

The hospitals of Ontario are doing this job with per capita funding that even today is still below the 1993-94 level, exactly a decade ago. In fact, per capita hospital operating funding in Ontario is the lowest of all the provinces in Canada. Only the Yukon has less per capita funding for hospitals. To put this in perspective, if we were to bring up Ontario's hospital funding just to the Canadian average, we would require an infusion of \$1.2 billion in base operating funding to our Ontario hospitals.

The decline in real per capita hospital funding over the past 10 years has taken a toll on the capacity of the system. Over the past decade, Ontario lost more than 12,000 hospital beds. This has led to peak occupancy rates, which result in lengthy backups in our emergency departments, which everybody in this room is aware of.

Although some progress has been made in restoring past funding cuts to hospitals, I need to share with you that regrettably, our financial situation for hospitals is tenuous. There is a sense of urgency to address hospital funding. Here we are, six weeks away from closing our fiscal books as of March 31, and as of today most of our hospitals still do not know their final budgets.

According to our most recent forecasts, which have been shared with the Ministry of Health, hospitals face a total shortfall of \$420 million for the current year. This figure is on top of the more than \$1 billion in debt accumulated over the years due to perpetual underfunding over the past few years. This is money that we had to borrow so that when patients walked through our doors, they would continue to be served with the diagnostic and treatment services that they have come to expect from our hospitals.

We were very grateful that the provincial government recognized the tremendous human and financial impact of SARS and took action to provide emergency resources to assist hospitals during the two outbreaks last year. However, hospitals and health care professionals who displayed such heroism during the battle against SARS are now severely strained to do more, meaning to look after more patients.

Like all other health care providers throughout Canada, we face unrelenting cost pressures. For example, the additional cost increases that hospitals were expected to absorb this year alone included such things as: \$580 million in additional costs to meet the collective agreements we have for our staff; another \$80 million for the necessary purchase of drugs and essential medical supplies; and \$90 million for necessary things like utilities and insurance premiums. Those are just examples; the list can go on and on, and most of these increases are very difficult for us to control. For example, the huge increase in insurance rates: We had very few choices other than to ensure our facilities and malpractice insurance coverage.

In this regard, we do agree with our Premier and his comments of two weeks ago when he said that we simply cannot go on like this any longer. It isn't sustainable without a joint effort by both levels of government. It would be unfair to expect any one level of government to shoulder the burden of financing Canada's medicare program. The federal government must step up and help all provinces now, not later.

Given our challenges, we were very pleased when the Premier said during the election that his government would provide "immediate relief" for hospitals and to "bring stability by providing adequate multi-year funding." We were also pleased that the government promised to "work with experts to set and meet maximum needsbased waiting times" for specific procedures such as cancer surgery and orthopaedics. These are landmark government commitments that will allow hospitals to better meet the needs of Ontario patients. But we must act now.

Hilary would like to share with you some of the recommendations we'd like to advance to you and your committee.

1020

Ms Hilary Short: We do recognize that the Ontario government is facing a \$5.6-billion deficit, and we hear the Premier's request that everyone should try to temper their requests. But we are here to talk about the challenges facing hospitals and how we can be part of the solution.

Despite the province's fiscal challenges, we've already seen evidence of the government's commitment to protect medicare. We appreciate and understand the words of Health Minister Smitherman, when he said at the OHA annual meeting, "But we cannot and we will not allow" the deficit "to distract us from our priorities. The pace of change may be slower, but we will keep our commitments."

In the finance minister's fall economic statement, we were pleased to note, for the first time ever, that the province recognized hospital working capital shortfalls. This open and transparent approach to examining the problems of health care is very welcome. We were also pleased to hear the finance minister's comments, when he appeared before this committee on January 26, that he values our close working relationship when it comes to developing longer-term solutions that will bring stability to hospital funding. We particularly welcomed his comments when he said there won't be any slash-and-burn quick fixes.

We need lasting solutions to hospital funding needs. We need to reform how hospitals are funded. We need to restore their working capital, and we need to move quickly to fund hospitals based on performance and outcomes. I can assure you, Mr Chairman and members of the committee, that that work is underway. There is a quiet revolution occurring. Tremendous progress has been made toward our being able to achieve that goal. The OHA has indicated to the government that we are prepared to accelerate efforts to begin negotiating performance agreements as soon as possible. We made that offer back in October 2002, when an OHA working group on multi-year funding recommended that the government negotiate multi-year service agreements with hospital boards. This will fundamentally change the ways hospitals are funded.

If properly structured and jointly negotiated, we believe that multi-year agreements will provide the certainty hospitals need to deliver quality patient care and provide more stable working conditions for our front-line staff, and will provide the government with a better sense of what they're getting in terms of outcomes for the money they're spending on health care.

Ontario's hospitals know that government cannot solve these problems alone. Ontario's hospitals are ready to assume their responsibility. They are already taking that responsibility to work with the government to stabilize the health care system and put it back on track. We want to continue to ensure that our collective efforts improve Ontario's quality of life and international competitiveness. We welcome the opportunity to rise to the challenge posed by the finance minister when he appeared before you in January. Ontario hospitals are already taking significant action. We are committed to working with members and the government to aggressively develop systemic reforms. Here are some of them.

We are committed to working in partnership toward better integration between hospitals and other service providers. We will continue, and are actively exploring, efficiencies that could be gained through shared services and supply chain management—the purchasing aspects of hospitals. We will work with the government to help set and monitor waiting times for critical services such as cancer care and surgery for hips and knees. We will also continue to pursue innovative solutions to the pressures facing the health care system.

But these solutions require continued collaboration. Others will require the government to provide targeted investments in strategic areas of the health care system. We are therefore recommending to the committee that the Ontario government consider the following key areas for investment for the 2004 budget.

First and foremost, in order to enhance access to care, we need to stabilize the system and increase capacity. We are asking the government to increase hospital base funding to deal with the severe shortfalls Mr Dagnone has referred to. Hospitals also need to know their allocations for next year, 2004-05, as soon as possible so

they can finalize their budget plans for the delivery of patient care services and staffing.

We are asked to temper our demands. We respect that. But just to meet the needs of a growing aging population, we, the government and other independent commentators know that hospitals require increases of between 6% and 8% a year.

We are also asking the government to address hospital working capital shortfalls. Hospitals face huge challenges in health human resources. We have significant challenges in many areas and, in particular, we have severe issues with nursing. We need to work with our partners to ensure that there are more full-time positions so we can make sure our new graduates have positions in our health care system.

We are recommending an investment in innovation in front-line patient care as an effective way to improve quality and patient safety, reduce costs and increase system capacity. A targeted investment in new information technology will improve access, patient safety and integration. In our detailed presentation, we have much more information to share, which we would be pleased to discuss with anyone at the appropriate time.

Mr Dagnone: In conclusion, our government made very important platform policy statements during the election that have resonated very positively with the people of Ontario. One in particular stands out in our minds, and it comes from the health care platform, which states: "We believe medicare is a fundamental statement of the values we share as Ontarians and as Canadians. Our job is to make health care work better so you," meaning everyone in the province, "get the care you need, when you need it."

We couldn't have said it better ourselves. We are here to answer any questions that committee members may have.

The Chair: I'm sorry, but your time has expired. You finished almost exactly on time. I apologize for not giving you a two-minute warning—I have a cough—but we appreciate your presentation this morning.

AGGREGATE PRODUCERS' ASSOCIATION OF ONTARIO

The Chair: I call on the Aggregate Producers' Association of Ontario. You have 20 minutes for your presentation. You may leave some time within that 20 minutes for questions, if you so desire. I ask you to state your name for the purposes of Hansard.

Ms Carol Hochu: Good morning, Mr Chairman and members of the standing committee. My name is Carol Hochu. I'm president of the Aggregate Producers' Association of Ontario. I'm pleased that two of our board members are joining me today to answer any questions you might have: Ron Winslow, our association chairman of the board and the general manager of Preston Sand and Gravel Co Ltd in Kitchener; and Richard Seibel, the association's incoming chairman of the board and the vice-president of The Murray Group Ltd in Moorefield.

We thank you for the opportunity to appear before you today, and we want to tell you up front that, perhaps unlike many of the delegations you've heard from, we are not coming to you with a request for financial support. We're taking a different, and perhaps novel, approach. We are coming today with suggestions about how we can help you meet your plans for strong communities and the economy—plans that will potentially save the government money, which could be put toward your key goal areas of excellent public education and health care.

But first, a little bit about our industry, our members and our contribution to Ontario's economy. What is aggregate? The definition, according to the Aggregate Resources Act, covers quite a bit of ground, so to speak: gravel, sand, clay, earth, shale, stone, limestone, dolostone, sandstone, marble, granite and rock. Aggregate products are not typically consumer products, so it's no wonder that most Ontarians don't realize that aggregates are vital for everyday living and contribute to the tremendous quality of life we enjoy in Ontario.

Aggregates are used in the building and maintenance of infrastructure for stability and strength. Whether a highway, house or shopping mall, structures are dependent on a base of aggregates. The concrete and asphalt used by Ontario's construction industry are composed primarily of aggregates.

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Aggregate products are also used in a variety of manufacturing processes, including steel and iron, insecticides, aluminum, crayons, toothpaste, lipstick, paper, rubber, plastics, glass, ceramics, floor coverings and fertilizers. Every day, Ontarians use and benefit from non-renewable aggregate products. We live and work in buildings built with aggregate, including this beautiful building. We travel on roads and highways constructed from aggregate. Even the water we drink is filtered and purified by aggregate.

However, this ongoing consumption of aggregate products means that the industry is always challenged to find new sources and deposits to meet and feed current and future demand. The current per capita usage of aggregates is over 14 tonnes—that's 14 metric tonnes—per person in this province. If I can help you paint a picture of what that looks like, imagine, if you can, a cone-shaped pile. The bottom of the pile would be a circle 13 feet across, in diameter, and the pile would be six feet high. That's an approximation of what 14 tonnes looks like.

As Ontario's construction and growth increases, this figure will increase correspondingly. To help meet this challenge, we are constantly working with the Ministries of Natural Resources, Environment, Northern Development and Mines and Municipal Affairs to identify and appropriately develop aggregate operations. This means striking a balance between the need for a close-to-market supply for such places as the greater Toronto area, while also respecting the environmental initiatives of the communities that are adjacent to our operations. We are con-

stantly looking for innovative means of meeting the demand for our products, while respecting this important balance.

Now just a few words about our association, the Aggregate Producers' Association of Ontario. Our mission is to build partnerships with government and the public to promote the wise management of aggregate resources. Our association consists of some 220 member companies, 90 of which are producer-members with licensed pits and quarries. The remaining member companies supply important products and services to the producers like equipment, consulting services, transportation and so on.

Our members represent over 60% of the sand, gravel and crushed stone produced in the province each year and are a key component of Ontario's \$30-billion construction industry. The aggregate industry employs over 41,000 workers, both directly and indirectly, in services such as transportation and equipment. Hundreds of thousands of jobs in the construction industry also rely on an adequate supply of quality aggregate products.

In Ontario, aggregates are used in greater volume than any other mineral resource. Production of aggregates in 2002 totalled approximately 165 million metric tonnes. This production number is a direct indicator of the strength of Ontario's economic growth and is intricately linked to construction spending and sustained growth. In fact, one of the reasons our industry has been so successful is because of the growth of the construction industry throughout Ontario over the past few years.

We are pleased with the government's creation of the Ministry of Public Infrastructure Renewal and its interest in building Ontario's future in a number of areas including housing, highways and transit, and water and wastewater facilities. We support a clear commitment to strategic and coordinated planning for Ontario's future infrastructure needs. The APAO would be pleased to contribute in any way we can to the process and consultations, if any, leading up to the development of these infrastructure investments.

As a proven, responsible industry, we would like to see the government adopt a model that favours stimulation of Ontario's domestic economy and local suppliers, contractors and expertise as these new projects are planned, developed and built. We want to be the foundation of Ontario's future success stories.

It should also be noted that as part of our business operations, Ontario's aggregate producers are committed to being environmentally responsible citizens. Key elements of our members' business plans are measures to protect and enhance the environment. We think about the condition and end use of the land before, during and after extraction. Aggregate extractive sites undergo a process called progressive rehabilitation. Rehabilitation begins not after the pit or quarry has been depleted, but while extraction is taking place. As work finishes in one part of the site, rehabilitation begins. Progressive rehabilitation means that a site can be returned to its previous use or developed for other uses very quickly after extraction has been completed.

Pits and quarries have been a part of the rural landscape in Ontario for more than a century. These pits and quarries have been rehabilitated for a wide variety of after-uses; for example, the Royal Botanical Gardens in Hamilton were once a gravel pit. The quarries of the Hunt Club in Ottawa are another example. One of our members, Walker Industries, has rehabilitated land to a vineyard. At Preston Sand and Gravel's Snyder's Flats, swans, osprey and eagles use the ponds, which also provide fish habitat connected to the Grand River. A former quarry, Kerncliff Park in Burlington, provides habitat for breeding cliff swallows and vegetation. We are proud of the fact that most people would be hardpressed to recognize any of the more than 70 rehabilitated pits and quarries within Metro Toronto alone because the rehabilitation has been so successful. We don't just talk about our commitment to the environment; we prove it.

We have brought with us today copies of an eightminute video called The Next Landscape, which describes our industry's successful rehabilitation efforts. We hope that you will take some time to review this at

your leisure.

Now back to my earlier point about how we can help you meet your plans for strong communities and the economy, plans that potentially will save the government money that can be put toward your key goal areas of excellent public education and health care.

There is currently an aggregate supply problem facing the greater Toronto area. As already mentioned, the province consumes about 165 million metric tonnes per year. The majority of aggregate is purchased by the public sector, whether provincial or municipal governments, for the building and maintenance of roads, buildings, schools and so on. The current GTA consumption is 58 million tonnes per year and is expected to grow.

Central Ontario's population growth is expected to increase to 10 million people by 2021—2.5 million more than today, or about a one-third increase. Road infrastructure alone is currently inadequate and will have to grow to serve this population growth. In addition, 1.1 million housing units will be required. Over 1.5 billion tonnes of aggregate are required to service the GTA over the next 25 years, and where will that aggregate come from?

New licences in and around the GTA are desperately required, as the GTA relies on grandfathered licences, those that were issued between 1971 and 1975. To meet current and future demand, new sources must be located close to market, and there are solid environmental, social and economic reasons for this. The millions of tonnes of aggregate that are consumed require millions of truck trips every year to deliver the product from source to market. The GTA, for example, requires close to 3.5 million two-way truck trips to deliver this volume every year. Double the distance, and you have more trucks going past more people with more gridlock ensuing, and we know that this government and taxpayers want to reduce gridlock.

From an environmental perspective, every extra kilometre added to the GTA average haul distance annually costs 4,800 extra tonnes of greenhouse gases and consumes 1.8 million extra litres of fossil fuel. The federal government's commitment to the Kyoto accord was reaffirmed in the recent speech from the throne. Every public sector dollar spent on unnecessary haulage is a dollar not available for health and education.

Ensuring a close-to-market supply of aggregates means that we can help all governments achieve their goals of clean air and healthy and strong communities. The concept of close-to-market is an essential provincial public interest. We want to work with the province and municipalities to achieve these goals, and that can be accomplished if we're all together at the table.

In order to replace depleted supply, we need a strong provincial policy statement and clear and reasonable rules that will allow us to license new close-to-market supply. The industry is willing to invest, but we're looking for clear rules.

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As business people whose goal it is to produce a quality product at an affordable price, we support any initiatives that reduce costs to our members. Our industry is different from most, as we have a plethora of small and medium-sized owner-operator companies and only a handful of large companies. These smaller members are greatly affected by burdensome and costly paperwork. We encourage the government to look for ways to reduce red tape for good aggregate operators and licence applications and we would be pleased to discuss and participate in ways to address this concern.

One of your initiatives that we are watching closely is the Greenbelt Protection Act and the minister's zoning order. We want to work with you to focus the greenbelt initiative so that traditional rural uses like aggregate are distinguished from urban sprawl. Planning for the greenbelt should encourage and permit uses that must locate in the close-to-market rural areas so that investment in new licence supply is not delayed or discouraged.

In conclusion, we would like to leave you with these messages. Ontario is a growing, thriving, exciting place to be conducting business right now. The growth of the economy leads to a boom in the construction sector, which demands quality products from our members. Aggregate producers are an integral part of the economic foundation upon which Ontario has been built and will continue to grow. Aggregate producers want to continue to provide high-quality products, produced in an environmentally responsible manner, for the people and for the province of Ontario.

We look forward to continuing our work with you to achieve mutually beneficial goals of success, growth and sustainability. On behalf of the Aggregate Producers' Association of Ontario, thank you for your time and attention today. We would be pleased to answer any questions you may have.

The Chair: We have about two minutes per party, and we'll begin with the government.

Mr John Wilkinson (Perth-Middlesex): Thank you for your presentation this morning. Just to make this clear: So what you're saying is that—isn't the nearest aggregate supply for the GTA the Oak Ridges moraine? Isn't that where you—

Ms Hochu: It's one of the closest.

Mr Wilkinson: That would be the place. OK.

I come from a rural riding and there is a lot of aggregate in Perth-Middlesex, so I guess my concern goes around the environmental. You need to get the aggregate out, and you're giving us a presentation on how you rehabilitate. Could you just expand on that? If that's the closest place to get the aggregate and you're saying that environmentally it's better than hauling it in from all across Ontario on the roads, what assurance do we have, or what steps do you have in place, to make sure that as you are digging into areas that go directly into the aquifer, that we're limiting the risk of contamination of groundwater? I just don't know enough and I'm sure you guys do, so if you could share that with me.

Mr Richard Seibel: I'm Richard Seibel from the

Murray Group. I'll have a go at answering that.

For protecting the environment, we work hard on our site plans. The biggest risk would be fuel oil spills. We use best-management practices to handle that. Gravel is a highway to the groundwater. It's something our industry has been cautious about for years. Other than that, we are considered a benign thing environmentally, especially compared to farming, where they're putting on fertilizers and have highly intensive uses of the land. As an industrial use, we have less impact on the environment. The rehabilitation in good areas of farmland is required to be back to agricultural. So it is an interim use. We've also shown in other areas that we can rehabilitate back to natural environment features: swamps, wetlands, trees. As long as you take the long-term view and don't look at what's happening over a 10-year period but look over the 20- to 30-year periods, you can remove the aggregate and have it rehabilitated to agriculture or a natural environment.

Mr Wilkinson: Thank you.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for your presentation. It was very informative and doesn't ask for money directly. But my riding of Durham of course is a very important home to many aggregate producers, certainly in the Mosport area, and certainly at Lake Ontario the St Marys Cement plant there is another important economic resource. In all things where you're using resources and you're generating economic value, that's the fundamental equation in society: How much economic activity can you sustain for the quality of life we all enjoy: education and health care being the two top areas, certainly?

Some of the economic activity you talked about was the important minister's order that in the greenbelt protection area does affect my riding. In fact, one of the home producer groups told me that the average home price in that minister's order area has gone up by about \$30,000 to \$40,000. That's because you've limited the

supply of land available for development—rightly or wrongly—and the natural market pressures have forced the price of a lot up. If you don't bring new supply on to market, what will be the economic implications, going forward, for the aggregate producers of Ontario?

Mr Seibel: When we talked about the environmental implications of doubling the haul distance, burning all that extra fossil costs money. Right now trucking is the major cost in our product. When trucking distances are doubled, that trucking cost doubles, so it can have a major impact. It will be a longer-term effect; it won't be immediate. It would be our position that aggregate extraction is a rural land use and is not urban development. The wording in the law suggests the law isn't clear on that.

We have a long lag, similar to power plants. You may realize now there is a problem with generating power, but it's going to take seven years to cure it. We're trying to deal with the issue now, before it becomes a problem, so we don't have that lag.

Mr O'Toole: You see the resource costs go up, I

guess.

The Chair: We'll move to the NDP.

Mr Prue: I would just like to assure some of the members who are a little bit worried about the rehabilitation, if you're here in Toronto, go to the brickworks and you will see that it is far better today, I am sure, than it was at the time it was first discovered. Having said that, I'm very curious. You've made a statement here that says, "As a proven responsible industry, we would like to see the government adopt a model that favours stimulation of Ontario's domestic economy—and local suppliers, contractors, and expertise—as these new projects are planned, developed and built."

As you telling this government, are you telling this committee that you want the new Liberal government to be aggressive in building public infrastructure? Are you telling them they should be spending more money in this

particular field in the coming budget cycle?

Mr Seibel: I think the government's going to come to the conclusion that they have to maintain and increase their spending on infrastructure. Our message today is that our product goes into every hospital, every school, every road, and if non-budgetary actions can be taken to make sure the planning policies in place now are maintained and possibly strengthened, it will have the impact of decreasing the price of that infrastructure to the government. With over 50% of our product being used by different levels of government, by proper planning we can reduce the impact and achieve that needed infrastructure.

The Chair: Thank you for your presentation this morning.

PEOPLE FOR EDUCATION

The Chair: I'll call on the People for Education. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes, if you desire. I

would ask you to identify yourself for the purposes of Hansard.

Ms Annie Kidder: My name is Annie Kidder, and I'm with the parents' group People for Education. We've been coming to these committee hearings for many years now and usually we bring reports. These are some of the reports we've brought over the years. We haven't brought any reports or charts or numbers for you this year. What we've brought this year is a lot of parents who have a number of concerns.

We're here today to explain why the government must stop asking the impossible of our children.

In the last eight years, Ontario's students have borne the brunt of chaotic change and devastating cuts in their publicly funded schools. Eight years ago, in 1996, the then government said that sacrifices had to be made in order to secure a better future for our children. Immediate needs were put on hold. Students were told they had to wait.

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Over the course of those eight years, parents across the province kept track of the effect of the cuts and changes on their children's schools. They kept track as waiting lists for special education services rose to a record 42,000 students in elementary schools. They saw a 28% drop in the number of schools with teacher-librarians and they watched as the number of schools with libraries open only part time doubled. There was a 46% drop in the number of schools with regular access to psychologists; at the same time, the average number of hours youth workers were available decreased by half. Parents rallied to support their children's small schools, but still—I am going to give this out afterwards, if that's what you're concerned about—nearly 200 of them closed in just four years.

During that time, a generation of students went through high school, many without appropriate curriculum or supports. Many failed and many are still there, waiting for help.

Over the course of the last eight years, students have lost outdoor education programs, phys ed teachers and music programs. And even if these things are eventually returned to the system, the students who have already gone without them will not get a chance to experience them. They can't go back.

When I first started doing this, my daughter Katie was not in school yet, and Molly, my older daughter, was in grade 3. This year Kate will graduate from elementary school and Molly is about to enter her last year of high school. The inevitability of children is that they grow up.

A new government was elected this year. During the election campaign, the new Liberal government promised many changes that would make the province better for children. They said they would cap class sizes in schools, they would improve literacy rates, they would implement all the recommendations in the Rozanski report and they would save rural and urban schools alike. Students' needs would be served at last.

Parents greeted the new government with great hope. But then, the new government discovered the deficit and all the promises were put on hold. Parents and citizens were asked to be patient, to be reasonable in our demands. We were told, "You can't have everything right away. We have to put our fiscal house in order first, then we'll get to our promises." The Minister of Education even went so far as to ask students to "hang in there" and not give up.

We're here today to try to get you to understand that for Ontario's two million students there is an insurmountable problem with the requests for time and patience. Our children are being asked to do the one thing they cannot do: wait.

It is not possible for children to stop growing, to stop getting older or progressing through school. Time does not stop for children while governments focus on deficits. We, the grown-ups, say we're just asking for what is reasonable. But really, we're telling our children they have to wait. We're telling them they will not get what they need when they need it, because children can't wait for help, for programs, for teachers. Students are dropping out of school right now. They're falling behind right now. They're missing out on the experience of outdoor education or of being in the school band. They are losing whole years of school because there is no room in the learning centre or the LD class. And because time does not stand still, because the reality of children is that they grow up, they will continue to move through school even if they're not getting what they need.

Gabriella Enriquez is one of the parents in the audience today. Her older daughter, Valentina, fell further and further behind in school as she waited to be assessed, waited for room in the learning centre and waited for an appropriate reading program. Gabriella's younger daughter, Kristina, also needs special education support. For every month she has to wait, she falls a month further behind.

Sondra Vandervaart is also here today. She is the guardian to her niece, also named Christina. Christina recently moved to a new school. She is in grade 2. She suffers from severe hearing loss in both ears and she has learning disabilities, but there was no help for her in her new school. She sat in her grade 2 class for three months with no teaching assistant and no accommodation for her hearing loss. When Sondra complained, she was told that maybe by next year, by grade 3, there would be room for Christina in an appropriate program. She ended up waiting three months for assistance for her physical disabilities and even longer for learning support. She will not get the speech therapy she needs because her board has cut speech therapists. And even just three months of waiting had an effect, because with each month she too fell further behind. With every month that she waited, she became more discouraged. Sondra says, "Every day, I have to live with this."

Faduma Mohammed works with young people who recently emigrated from Somalia. Many of the Somali youth and children live in crowded high-rises and a lot of

their parents won't let them go outside because they feel it's too dangerous. Youth counsellors, recreation programs, ESL teachers and extracurricular activities will save many of them from dropping out or from ending up marginalized. But they're being told they have to wait just a little bit longer. They cannot wait.

Madeline Stratton is in grade 9 this year. Her mother, Valerie, is here in the audience too. Madeline is taking what are called essential skills courses in grade 9 math, English and social studies. She needs to take them again in grade 10, but if she does, they won't count as compulsory credits and she won't be able to graduate. There is presently no curriculum that will allow her to graduate, but she too is being told to wait, to hang in there.

By asking Ontario's children to wait, really what we're telling them is, "Sorry, you won't get what you need. Maybe next year or the year after, the children in the grades below you will get those programs and teachers, but you will have to go without."

We understand that there is a deficit and we understand the importance of fiscal responsibility. Many others have come before you offering solutions to the government's financial problems. You have been told that a tax increase of just \$3 a week for the average taxpayer would generate over \$1 billion. The former Provincial Auditor has said that improving the audit system would result in millions more dollars for the public purse. And you have been told there are many loopholes that could be closed in our tax system that would help supply the money that is needed to gradually overcome the deficit.

A report from the Task Force on Competitiveness, Productivity and Economic Progress commissioned last year by the former government says Ontarians are "trading off future prosperity for today's consumption." The report says that Ontario under-invests in education and that if we continue this practice we "run the risk of falling further and further behind, to the point where we cannot catch up and be competitive." They say that "investment in education affects productivity and prosperity throughout our society."

What we know is that governments cannot fund education only in good years. Balancing the books in a responsible way means budgeting for long-term gains, not short-term political payoffs. There is no better return on the public's money than funding education. In the long run, it saves billions of dollars in costs to the social welfare system, the justice system and even the health care system. If we budget for the long term, it will save us money in the end. If we budget for the short term or to meet simplistic political pledges, we hurt children and diminish our chances for long-term prosperity. Investing in education is the real and lasting way to get our fiscal house in order.

The parents who are here today are holding up pictures of their children as they are now and as they were eight years ago. These are my two children as they were eight years ago and as they are now. You can see how fast they grow up. We're hoping the pictures will help you remember the children as you make your

recommendations to the government. We hope that in looking at these pictures you remember that all the decisions you make are affecting real children, children who are in school right now. But most of all, we hope you understand that the two million children presently in Ontario's schools cannot wait.

The Chair: We have about three minutes per party, and we'll begin with the official opposition.

Mr O'Toole: Thank you for your presentation, Ms Kidder. I hope in the next eight years, or four years, potentially, you hold the current government to the same standard as you've held in the past.

Ms Kidder: We will.

Mr O'Toole: That's clear from your presentation.

I too am the parent of five children and, as you probably know, my wife is a teacher. Public education is an extremely important vehicle for all of us in society to find some quality.

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I commend you for your openness in your presentation. You really replicate what Hugh Mackenzie said in his presentation here on day one. He said that he knew the Liberals had a \$6-billion basket of promises, and everyone knew there was a deficit.

They promised everything, and the instant it no longer mattered any more about telling the truth—the election had been called and over—all of a sudden they discovered there was "shock and dismay," there was "independent verification," "maximize the bad news" and "dampen expectations," which is the PR tour they're on now across the province.

To caption the phrase, you said "wait." I would say the word is "deceived." Sondra and Christina will have to wait unless they're prepared to make difficult decisions to keep their promises.

As you are suggesting, my wife is an elementary teacher. She is looking for the cap-size class. I hold them to their pledge and their promise, today, and I'll be moving a motion later today that requires them in their budget that's coming up to fulfill at least one promise—not the Oak Ridges moraine, not the 407, not the P3 hospitals; one promise—and that would be education, for the very reasons in your presentation, if you'd like to respond.

Ms Kidder: I'm glad you're going to do that. Yes, what a change. I think it is vital that all of the promises that were made are kept. I guess for me, the reason we wanted to make this presentation is that we really need people to understand that if we wait for four years or until the surprise deficit is taken care of, these children who are in school right now—it will affect the rest of their lives. They are dropping out, some of them, but especially the ones in younger grades who aren't getting the help they need right now may end up failing in school continually over the rest of their time in school. I think it's vital we understand that this is the one promise that can't be left unkept.

I hope that in looking at these pictures you understand and think about the reality of children—probably most of you have children—and that a year in a child's life is a huge percentage of their lives, and if we mess up with one year in a child's life, it has an effect on the rest of their lives. A lot of the rest of us can wait. We're old. Time goes altogether too fast when you're old. We can wait. I think taxpayer coalitions can wait, the people can wait for a lot of the other promises, but the children cannot.

We will hold the government accountable. We are expecting the promises to be kept and we're expecting them to be kept now, not in four years.

The Chair: We move to the NDP.

Mr Prue: I will tell you, on October 2, although New Democrats were not pleased with the outcome of the election, at least I took some solace that Mike Harris and his group were gone, but I'm not sure they are. As I read in today's Toronto Star, there is a new document called Delivering Change, and it comes from Choose Change. As Ian Urquhart writes:

"But somehow one doubts the changes outlined in the document are the ones the public had in mind in ousting the Tories and replacing them with the Liberals last fall.

"Rather, the document suggests we have replaced one Tory government with another. Indeed, McGuinty's Liberals might go one step further than Harris' (and Ernie Eves') Tories by actually implementing these changes."

I hope the government members opposite are not going to follow their leader. I hope they're going to listen to you. I'm going to ask you a very simple question: Should these government members—they made 231 promises—commit themselves to the 230 promises, primarily to those around education, or should they commit themselves to the taxpayers' federation? I think the answer is quite simple, but I want you to tell them bluntly, if they're going to break promises, which ones should they break?

Ms Kidder: I think all governments when they're elected hope they don't have to break any promises but I do think the promise that was made to the Harris tax coalition is a promise made to maybe 10,000 people in Ontario. There are two million students in Ontario, and those two million students can't wait.

Mr Prue: In terms of the students in the schools, are you asking this government to immediately make those changes? They're now talking about it taking up to four years to get around to some of their election promises. I quite bluntly think, from what you're saying, that four years is too long. Should there be provisions in this budget that is going to be presented in April?

Ms Kidder: I think that most parents, when they voted in the election, voted because of the promises. I think that all of the parents who have been doing the tracking for the last seven years in Ontario and have noticed all of the cuts to their schools are hoping that some of those cuts will be undone, but they're certainly hoping that more cuts won't come.

I think it's important to understand that if money is not put back into the system, if all of the money recommended in the Rozanski report is not put into the system this year, the schools will continue to fall farther and farther behind, as will the students in the schools. Trying to budget for schools now is like trying to run up a down escalator: They can never get ahead because they still don't have the catch-up money that was recommended in the Rozanski report well over a year ago that they needed.

I think that one of the biggest election promises had to do with the Rozanski report. We heard a lot about it before the election; we've heard nothing about it since. I'm very worried about what's happening to the recommendations in the Rozanski report, especially the well over a billion dollars that needs to be put in the system now just so that schools can keep up, not even so that they can replace anything that was cut over the last eight years.

The Chair: Thank you. We'll move to the government.

Mr Colle: I want to first of all thank you and thank the parents for being here and reminding us as Liberals why we ran and what we ran on the last election. I think it's very important that you keep doing that, because obviously we're going through a process here of trying to determine how we're going to deal with this financial situation. So I think it's critically important that you keep doing what you're doing.

I just want to say that there is a bit of a silver lining here and that we did repeal the private school money, that both official parties in opposition voted against the repeal. We did repeal the corporate tax cut and we also gave \$112 million, which I know is not enough, for children who are in English-as-a-second-language programs. So there is, as I say, a bit of good faith there, but I do agree with you that we have to really do some soulsearching to find out how we can grapple with this financial reality and meet the commitments we did make, which I think most of us on this side are committed to.

I represent some of the finest schools in North America: Joyce Public School, Blessed Sacrament, Allenby Jr, John Wanless Jr, John Ross Robertson. We ran to fix the public school system. So I just want to say I just hope you keep on challenging us to do the right thing.

Ms Kidder: We will. When the hearings happened about the tax credit, one of our suggestions was that an estimate be made of all the monies saved by not implementing the tax credit and that those savings be put into the education system, that they be designated for education and given to the Ministry of Education to distribute. So I think that that is an area that should be looked at, and we should think about the fact that the government's not having to spend that money.

I think, most importantly, what we have to do when we're thinking about balancing budgets or working out fiscal problems is that it's important not to think in four-year terms but in 10-year terms or in 15-year terms. That's why the report from whatever they're called, the accountability-responsibility-productivity people who were asked by the Conservatives to make the report, is so

interesting, because they, too, say—and many of the things they say I wouldn't agree with, but this one I do—is that money is saved in the long term. We have to be able to begin to look at budgets that way, with more imagination, and actually work out balances and costs for a long-term gain, as opposed to for just this year.

The Chair: Thank you for your presentation.

Ms Kidder: Thank you.

Mr Prue: On a point of order, Mr Chair: I would like to give notice that I will be moving a motion this afternoon on this very topic.

The Chair: That is noted.

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DAILY BREAD FOOD BANK

The Chair: I call on the Daily Bread Food Bank to come forward, please.

Mr Orazietti: On a point of order, Mr Chair: From the last presentation, we didn't receive a package of comments.

The Chair: It's coming now. Mr Orazietti: Thank you.

The Chair: You have 20 minutes for your presentation. You may leave time within those 20 minutes for questions if you desire, and I would ask you to identify yourselves for the purposes of Hansard.

Ms Sue Cox: Thank you very much, Mr Chair, members of the Legislature and everybody else, for the opportunity to be here. I'm Sue Cox. I'm the executive director of the Daily Bread Food Bank. On my left is Michael Oliphant, who is a policy analyst at Daily Bread, and on my right is a member of our board of directors, Erika Klein.

We truly appreciate the opportunity to speak to you. We realize and commiserate with this committee on the difficult decisions that you face, but we do feel too that it's incumbent upon us to bring you up to speed about some of the results of government actions that have impacted so heavily on food banks and, more importantly, on the people they serve over the last several years. We want to make you aware, as you wrestle with these tough issues, of what the situation is, and perhaps offer some suggestions for the future.

We've been looking at food bank use for many, many years, and I must say I've sat in these committees many times and talked about it. Over the last year we looked at every month of the year that we had good statistical data for, and every month, food bank use was higher than for the same month the year before. That had happened not as the result of any specific government action, but as the result of a general neglect of the issues confronting very low-income people. That's really, more than anything else, what we need to talk to you about. Like your previous deputants, we feel it's time to make an investment if we're going to stem the tide of hardship and suffering that having to go to a food bank represents.

We see not only increases in the number of people using food banks, but a changing face of food bank use,

certainly in Toronto. I must say, looking at Ontario's statistics, we see something of the same kind of thing. We see, for instance, four times as many people who are actually going hungry in spite of having gone to a food bank. We see twice as many kids going hungry in spite of their families using food banks. We see the number of times that families have to use the food bank increasing by about three times since 1995, really a devastating impact and one that the charitable sector is certainly unable to meet.

The face has changed in many other ways. Over the years there have been increases in the people who have no income, at least in that particular month, and have to go to a food bank, and incredible increases in the number of working poor who are using food banks. These are basically social policy issues, and while we certainly will be talking to Minister Pupatello about them, we also think this committee needs to be very, very aware of them.

Let me move into some examples of things that we see actually inhibiting people from going forward, because our bottom line is that we think this government now ought to be making an investment up front in people in order to see the results at the end of the mandate. It's not going to happen at the last minute unless the financial assistance is there to make some changes. This isn't purely a matter of raising welfare, although I must say we're in favour of that. It's also a matter of how differently this government might look at how we support low-income people.

To talk about some of the details, let me first of all introduce Michael to just go over some of things that are in the brief, which has been handed out and which we're not going to read to you.

Mr Michael Oliphant: I'll talk about some of the specific recommendations we've made. We've made basically four recommendations.

I should start by saying that Daily Bread believes that income security actually takes a four-pronged approach. We believe affordable housing, affordable, high-quality child care, good jobs and adequate government income assistance are the four key areas of income security. We support the efforts that other people are making in the areas of affordable housing and child care, but we're going to talk mainly to the other two: good jobs and government income supports.

The biggest thing that has happened at food banks in the last 10 years is working poor people coming to food banks. We've seen a 138% increase in the working poor who are coming to food banks since 1995. They now represent 19% of all food bank clients. There was once a time when poverty was basically related to the lack of employment, and that's what our welfare system in the 1940s, 1950s and 1960s was designed for. It was designed for people who weren't working. The reality of the 1990s is that you're almost as likely to be poor if you're working as not working. However, income security policies in Ontario don't reflect that changing reality. So we feel the priority has to be on ramping up

the supports for people who are in the workforce and yet aren't making ends meet. That's where our recommendations really follow from.

The first recommendation that we've made specifically is ending the clawback of the national child tax benefit supplement. The child tax benefit is a federal program; it's federal money. It has been valued at approximately \$183 million in the year 2001. In opposition, the Liberals did support ending that clawback. They supported ending it over a period of four years. What we are saying is that this is an important down payment to make. If you're going to prioritize anything, it should be this, over social assistance rate increases. It's a significant amount of money for families with children, and of course any child who is going to school hungry, for example, isn't going to get the full impact of education reforms. Anyone who has to sleep on a mat in an overcrowded apartment will not see significant increases in education spending. What we are saying is that we really need to focus on children, and ending the clawback of the national child benefit should be the very first step.

We call our second category of reforms "Ending welfare as we know it," but this is really a euphemism for ramping up employment supports. What we are saying to the Ministry of Community and Social Services is that they need to go through a process of looking at the full program of employment and income assistance in Ontario, to do a public review. This was committed to by the Liberals previous to the election, so we are renewing that call. We'll give you three examples of what this review might look at.

First, and this is in line with ending the clawback, once the clawback is ended, we think we should be looking at taking children off the welfare system in Ontario. This is a suggestion that was made in 1988 in the Transitions report released by the Peterson government, which is still considered to be one of the most significant reports released on income assistance in Ontario. That's the first step.

Second, we recommend that drug and dental benefits, as well as winter clothing allowances—in-kind benefits that are available in the welfare system—be extended to the working poor. Just to give you an example of how this impacts people's ability to work, we hear very often of people who have to quit a job and go on welfare because a child becomes ill. They have to do that because they don't have access to those prescription drug benefits that are available on social assistance. This is one of the things that we term the "welfare wall." If we can bring that down, we think we can get more people into the workforce and keep the ones who are in the workforce. This will have the impact, at the end of the day, of reducing welfare caseloads, which will also reduce welfare expenditures.

The third area is savings. People on social assistance aren't allowed to save. There are very strict asset rules in place. In Paul Martin's recent throne speech, he actually talked about registered education savings plans. Of course, these are plans that have preferential tax treat-

ment that allows people to save for their child's education. Well, people on social assistance can't invest in these because of the asset limits. For example, a single person can have up to \$520 in liquid assets. We've come to realize how important it is to have a cushion to fall back on in cases such as the hydro blackout last summer. People didn't have emergency funds to be able to buy food that they lost due to spoilage in the blackout. So assets are a very important part of income security that haven't really been talked about. It has always been secondary to income. We need to talk about assets as well. The specific proposal is that we raise asset limits in social assistance and that we exempt other types of assets, such as registered education savings plans, from social assistance asset rules.

Moving on, the fourth part of our proposal is investing in Ontario's social capital with real job training and employment supports. To give you an example of what has happened under Ontario Works, we've changed from a system that really invests in people to a system in which we look at the shortest route to a job—that's what we call it—and this has produced some bizarre results. For example, we have a volunteer at Daily Bread who is illiterate. He went to his caseworker wanting to take literacy courses so he could learn how to read. Obviously, we all know the benefits that would have for him in the workforce. He was actually told there were no programs available to him to learn how to read. Instead, they sent him to learn how to use Microsoft Word. So there was an illiterate man sitting at a computer, typing away, but he didn't even know what he was typing. These are the bizarre results that happen when we don't properly invest in people. We think that's very important. 1120

The other thing we have found is a diverse group of needs among our recipients. A really important one is foreign skills recognition. A good chunk of food bank clients in the GTA have incredible skills—PhDs, for example—and yet they are on social assistance or working in low-wage jobs. We think that part of a program that would really customize training to individual needs would have to take into account things like foreign skills training and get people into the kinds of jobs they came to Canada for in the first place. Other groups could be youth at risk—we could have specific programs geared to them—or single parents who are fleeing abusive relationships. We need to get rid of one-size-fits-all education and training programs and really adapt programs to various specific needs.

Our final point is the Ontario disability support program. We've found that one half of singles coming to food banks say they are disabled but not receiving disability benefits. The disability support program in Ontario has put very strict and difficult rules in place that make it difficult for anyone to get into the program. We could reduce welfare caseloads quite significantly just by allowing disabled people to get the benefits to which they're entitled. That is the final point we're making. I'll now pass it on to Erika.

Ms Erika Klein: My name is Erika Klein. I'm a board member for Daily Bread Food Bank, and I'm also a single mother of a seven-year-old child. I just want to share some of my thoughts as quickly as possible, because I know we don't have a lot of time.

Over the past eight years, we have seen the number of hungry families grow at alarming rates. What was supposed to be a temporary problem has now evolved into long-term shortages. The current social assistance rates are not enough to cover basic necessities based on the actual cost of living. Much money is filtered through the social service industry, but how many of those dollars are for band-aids and short-term solutions instead of long-term viable solutions? We can throw money at problems, but the issues will not disappear unless the money is directed at good, sound, long-term strategies. Asking the people whom these issues affect is the best way to come up with a system that not only works, but also helps people move beyond poverty.

Almost three years ago, I was a single mother of two daughters, aged 16 months and four years. Now, in 2004, I'm only raising one. My daughters were kept in foster care due to poverty, and my youngest child was placed for adoption. I was later allowed to remain with my older daughter. I was evicted from my home, turned away from social assistance and eventually lost my youngest baby to the system. I'm here to tell you today that policies and investments, checks and balances directly affect and impact the lives of our families greatly. I have no doubt that had there been adequate supports and services to me, my family would still be together today. It is painful to think there is a price tag on my family. How much would you give to better your children?

When we fail to invest in our women, children and youth, we are failing our future. The children of today will become the society of tomorrow. It is economically cheaper in the long run to provide meaningful and adequate social assistance. When we turn someone away, that person eventually ends up in a larger, more expensive system, such as the shelter system, corrections, the legal system, health care and hospitals, mental health, child welfare etc. When we help families and youth, we reduce the burden on these institutions. By denying people the necessities of life, we are creating an even larger debt and social deficit for years to come.

Helping families raise their children and become financially independent is imperative to the future of our communities. Children raised in a shelter and group care situation walk into adulthood without the life skills and love that our families and communities would give us. Women and children become numbers in a system that offers no real resources. In its current state, it is a trap, and it is extremely difficult to gain employment without the necessary supports. It takes a village to raise a child. Let's rebuild and strengthen our existing communities and create new ones. Our current model is overloaded, because nothing has been invested. We have to invest in our future, which means helping youth and women and children in particular.

Ms Cox: Thank you very much. I'd just like to say that another member of our board of directors had hoped to be here, but he is working. He has a PhD, is a relatively new immigrant and is currently working in a part-time job for \$10 an hour. I'm sure you would like to have heard from him too. Let me just reiterate that for us this is all about making a big investment up front, and I believe this government will see an excellent result by the end of the mandate.

The Chair: Thank you for your presentation. We don't have time for questions, but the committee appreciates your being here this morning.

Mr Prue: On a point of order, Mr Chair: I would like to give notice to make a motion this afternoon on the end of the clawback.

The Chair: Notice is given.

GREATER TORONTO HOTEL ASSOCIATION

The Chair: I call upon the Greater Toronto Hotel Association. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes, if you desire. I would ask you to identify yourself for the purposes of Hansard.

Mr Rod Seiling: My name is Rod Seiling. I'm president of the Greater Toronto Hotel Association. I want to thank you for the opportunity to appear before you today.

Our members own and operate approximately 35,000 hotel rooms and employ over 32,000 people. This economic activity contributes over \$1.6 billion annually in GDP and generates about \$579 million in tax revenues in a normal year.

As you all know, 2003 was not a normal year in our industry. Many have categorized it as a perfect storm, and I could not disagree with them. It was a tragic year both economically and from a human perspective. The experts have pegged tourism industry losses for the year at around \$600 million for Toronto, with the hotel industry representing close to half of those losses. We also had over 13,000 people laid off or on drastically reduced hours.

I am pleased to report that the industry is recovering, but it is going to take time. In the middle of the crisis, we estimated it would take one to two years to recover, and that forecast appears to be correct. The support we have received from governments has been most appreciated, particularly the \$138-million, two-year economic recovery program funded by the province. I would add that continued support is crucial if the economic renewal that is underway is to reach its full potential.

I should add that governments have a vested interest in the tourism industry. A recent independent study reconfirmed that 30 cents out of every tourism dollar goes directly back to government in taxes. In the case of the provincial government, your share of the pie is 13 cents.

There was, in a perverse way, a silver lining to last year's events. Government, as well as the public, discovered the economic and social values of the tourism industry. Toronto was also recognized as the economic driver of the industry, as well it should be; it represents almost 40% of the province's tourism business.

Tourism marketing: In past years I would lead off this presentation with a plea to provide the industry with the tools to implement a secure source of funds for destination marketing. The inability of government to act created a situation where your economic engine was starved to the point that it was put into a state of economic decline.

I'm happy to report that the industry has implemented its own secure and dedicated 3% destination marketing fee and does not, at this time, require government assistance in this area. What we are requesting is a PST exemption on the DMF.

If government had been able to act, there would not be a tax issue, just as there is none in our competing destinations. We suggest it is a poor business decision to tax the DMF. The incremental tax revenues that would be generated from the revenues that are currently being diverted by tax on the DMF will far surpass its share of the tax on the DMF.

Independent tax experts have also questioned the tax policy implications of applying PST on the DMF. The DMF is not a good or a service. Hotels are charging the fee, and it is dedicate 100% to the convention and visitors' bureau. Based on these facts, we believe there is another compelling reason for PST exemption.

This bold self-help initiative by our industry will also ensure the government will earn a higher return on its \$34-million investment through the Ontario Tourism Marketing Partnership, the OTMP. Working together in partnership, we will be able to leverage federal dollars that, in the past, other provinces used to our own collective detriment. It is essential that the government continue to flow these resources through the OTMP. To do otherwise will minimize the hard work the industry has done to become a true partner with it.

To fully achieve the return on investment that it can earn, the government needs to clarify and unequivocally renew the mandate of its tourism marketing arm, the OTMP. Temporary status with temporary personnel is not the ideal management model.

Our recommendations are: (1) provide the PST exemption on the DMF; (2) secure year two of the economic recovery funding program; (3) maintain the funding base for the OTMP; and (4) renew the OTMP's mandate.

Property tax: There are demands emanating from the municipal sector for changes to the property tax system. The city of Toronto is asking for policy and legislative changes such as the elimination of the hard caps contained in Bill 140. The government must look very carefully before making any changes. It must examine the full impact of the proposed changes.

The GTHA and its members believe that the property tax system must be fair and provide certainty. Ontario's

property tax system has undergone significant changes over the past six years. It has not reached what we would term full stability or equity. Many areas of the province still are subject to overly high and uncompetitive property taxes such as in Toronto. For example, the property tax per room at the Marriott Airport Hotel is about \$5,800, while the tax per room at the Airport Hilton Hotel is about \$1,700. The only real difference between these two hotels is that one is in Toronto, one is in Mississauga.

The reason for this huge difference is twofold. First, the commercial tax rate in Toronto is just under 5%, while in the immediate neighbouring 905 communities it is just under 3%. The other reason is the provincial business education tax, which is some 28% higher on Toronto businesses than in the neighbouring 905 communities.

Tax ratios: A fundamental piece of the new tax system is the concept of tax ratios. It is the relationship in tax rates between the various classes of properties. Municipalities have the option of leaving these tax ratios where they are or lowering them to a range of fairness, as set by the province. Once a municipality's tax ratios for a given class are within the designated range of fairness, provincial regulations allow the municipality to allocate taxes within the property taxes as it wishes.

The purpose behind this policy is to provide municipalities with an incentive to move their tax rates to a broad base of fairness. Inasmuch as it is the residents who elect councils, the natural tendency is to protect the residents at the expense of the business taxpayer, not understanding the long-term cost that unfair business property taxes have on both retaining existing businesses and attracting new ones.

The municipal levy restriction, or hard cap: This, we suggest, is the most important aspect of the current property tax system. It is imposed when a municipality's tax ratios are above the provincial threshold tax ratio for that class. The threshold ratio is approximately the province-wide average for that class. The hard cap is currently applied to municipalities such as Toronto, Hamilton, Ottawa and Oshawa, which have long taxed businesses at much higher ratios.

Removing the hard cap will increase the already punitive tax burdens on business. It will ultimately force more businesses to locate outside the city, perhaps even out of the province, and put even higher stress on the system. It also provides transparency to the cost of government, as most homeowners are unaware of the level of cross-subsidization by business, and it increases the level of accountability of elected councils, which, as we have stated, are elected for the most part by homeowners, not by businesses, which are paying a disproportionate share of the property taxes. In Toronto, the 20% commercial sector represents 40% of the revenue.

The business education tax: The business education tax, formerly controlled by local school boards, was taken over by the province as part of the local government reforms of the late 1990s. However, the former government did not move to a uniform province-wide

rate for business, as it did for residents. It is worthwhile noting that all other provinces did this when they assumed control of education property taxes from local school boards. Instead, it instituted a \$500-million tax-cut program whereby business education tax rates in those municipalities above the provincial average, like Toronto, would be reduced to the provincial average over an eight-year period. The rates were frozen in those municipalities below the provincial average.

The current cuts are scheduled to be completed by January 1, 2005. However, with the increased assessment base in Toronto relative to those across the province, Toronto's business education taxes are now below the provincial average but still 28% higher than the GTA cities

Capping protection: Capping is the mechanism whereby assessment-related municipal tax increases on individual properties within the commercial, industrial and multi-residential classes cannot exceed 5% over the previous year's taxes. This aspect contained in Bill 140 was designed to protect against large tax shifts resulting from the change from the old tax system to current value assessment.

The problem that has developed is that municipalities, to subsidize the capping provision, have employed a system of clawbacks. This revenue-neutral mechanism has in effect denied property owners the reduction they legally have forthcoming.

Capping and clawbacks have essentially made the move to tax fairness a slow process at best. They have also introduced a confusion into the system and made the relationship between tax paid and assessed value tenuous at best, and in some cases, thereby calling into question the rationale for the assessment process.

Recommendations: (1) maintain the hard caps of Bill 140; (2) maintain the tax ratios; (3) adhere to the business education tax cuts and move to a province-wide rate; and (4) develop a capping exit strategy.

Electricity rates: The GTHA recognizes the government's need to remove the 4.3 cents per kilowatt hour of electricity. We also recognize the need for a secure, stable and affordable source of power. It is fundamental to the future well-being of this province and its citizens.

Electricity is an important component of the overall cost structure of a hotel. Conservation has long been an important management tool in this area. Given the nature of the business, there is only so much that can be done, as being a service provider means you cannot force a guest to stay away from his or her home away from home or forbid them to turn on the lights.

The GTHA supports the government as it moves to make significant changes to the province's electricity system. Part of its decision-making process, we believe, includes identifying how to best hold on to the old economy of the province while we transition ourselves into the new knowledge-based businesses of the future. The ultimate goal, we believe, is an open market system that allows for individual choice. The government must also, we suggest, provide a comprehensive educational

program for the public. It must be provided the information it requires to understand what the real costs of power are.

Recommendations: (1) move to a truly competitive market that allows customer choice and ensures an economically sustainable supply; (2) develop a transition plan that leads to an open market; (3) implement a consumer education plan to ensure that people understand the importance of electricity to the province's health and the need for reform, along with the issues and choices; and (4) ensure low-volume consumers are not exposed to the uncertainties of the market.

Municipal governance and infrastructure: It is clear that municipalities cannot exist and maintain a competitive and healthy environment on just the property tax base and user fees. Toronto is not just the economic driver for tourism in this province; it is the economic engine for the province's economy.

Today Toronto is facing major problems. While the city is not yet in crisis, if its problems are not addressed, it soon will be. Trying to deal with the issues at hand, we suggest, is forcing its representatives to advocate for potential solutions that are counterproductive for its citizens and businesses.

Municipalities must be provided the means to cover the costs of the key services that make the cities like Toronto the place where people want to both live and work. This means that major infrastructure issues such as affordable housing, transportation—which means public transit and roads—safety, cleanliness and waterfront redevelopment must be provided the dedicated and sustainable funding they require to both maintain and improve these key services.

Recommendation: Dedicate stable funding for key identified infrastructure projects.

Tax expenditures: Tax write-offs, when introduced, were part of an important public policy at the time. As with any good business practice, one needs to revisit expenditures on a regular basis to ensure that they are still valid and are meeting their objectives in the current business climate.

During the government's current public discussions as it moves to introduce its first budget, two tax matters have been raised: the OFTTC and capital tax.

Ontario now has a real film industry that not only produces quality works but contributes significant economic benefits. It continues to be under siege from competing cities and governments, as they all recognize the benefits accruing to the film industry. The rapid rise in the Canadian dollar has also hurt the industry, not to mention last year's events, which also devastated the tourism industry. The OFTTC credit provides a 20% write-off, and 30% for first-time companies, if 75% of the film's total costs was spent in the province. This credit has and continues to be a major factor in film location.

The capital tax is a tax on debt. It is a major disincentive to invest in Ontario, especially given that fewer and fewer governments have this tax. For the accom-

modation industry, which requires large investments of capital, it continues to be a major drag on new investment, not just for hotels but also for tourism, which continues to require investments in the attraction sector.

Recommendations: (1) maintain the OFTTC credits at their current levels; and (2) commit to elimination of the

capital tax.

In conclusion, I want to thank you for the opportunity to appear before you today. We appreciate your dilemma as you look at ways and means to eliminate the deficit. In your ongoing exercise, we want to take this opportunity to remind you that with industries like ours, you can earn a bigger return on your investment in us.

The Chair: Thank you. We have about two minutes

per party. We begin with the NDP.

Mr Prue: Two questions. I was a little intrigued. I know that in Toronto you've done a good thing and have raised the 3% tax for tourism. Why do you not think that that is better raised province-wide through the PST? Because then the hotels and service sector in every municipality would have the same opportunity that some of the hotels are providing in Toronto.

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Mr Seiling: Quite frankly, there are some areas of the province where instituting this wouldn't be productive. It is an increase in the cost of business, and it works simply because—and it's proven that it works. It's why your marketing programs bring more people. If you think about it in the means of a funnel, as long as you continue to pour more in the top of the funnel than you lose out of the bottom, it's productive. If you don't, it's counterproductive. It's simply that we don't believe there are enough critical masses or enough things to market in certain areas of the province. Others like Ottawa or Niagara Falls, certainly, and they're all moving in the same direction we are.

Mr Prue: OK, but you don't see that for smaller communities, say along the Kingston area with the American tourists, Cornwall? You don't see that in the north, where the hunters are coming in? They're using the facilities. We need to market everything we do in Ontario, do we not?

Mr Seiling: You market by hub and spoke. As last summer unfortunately proved, Toronto is the hub. You move people through here. When Toronto was hurt so drastically, it negatively impacted not only on the rest of Ontario, but the rest of Canada. You bring people in your major gateways, as Toronto is, as Niagara is, as Ottawa is.

I will reiterate: There are parts of the province where we don't believe this ever needs to be instituted. They should have local choice. It shouldn't be forced upon them.

Mr Prue: Do I still have time? The Chair: About 30 seconds.

Mr Prue: OK. My next question is to do with electricity. I'm somewhat baffled by your recommendation to move to a truly competitive market, when the electricity costs for hotels, since the previous government tried to

do that, have skyrocketed. Surely you were better off in the system as it was before than what you're advocating here, which is going to end up costing you millions of dollars extra.

Mr Seiling: Well, no. First of all, we were in a buying group. More importantly, we also recognized that the previous system was unsustainable, and at some point in time you're going to pay the piper. So what we commend the government for doing is looking at it now to see what we need to develop and what you need to attract new investment in the electricity system. There's a problem. It needs to be fixed. The old system didn't work. It got us into a huge debt. Look on your electricity bill; it's called stranded debt. We're paying for the past mistakes. We need to go forward. People have to understand what the true cost of power is. We can't continue to fool people that power costs 4.3 cents per kilowatt. It doesn't, and pegging it at that price creates more problems.

There has to be a solution, we recognize and we said, to protect smaller consumers who aren't sophisticated enough or can't protect themselves from the vagaries of the market, but ultimately an open market, where you have people who can invest and earn a return, whether it's the government or whoever, but there has to be new investment, and new investment needs a return.

The Chair: Thank you. We'll move to the government.

Mr Tim Peterson (Mississauga South): Mr Seiling, nice to have you here. I'd like to congratulate you on getting this tax through and managing it. This is something that our government probably would not have been able to accomplish in the short period since we got elected without both your terrific efforts and your credibility. I think it's great that the government didn't have to involve themselves in this. It's better managed by your association.

That being said, I take your notes about the fact that we should co-operate with you in the marketing of northern Ontario and other parts of Ontario—because Toronto is the hub; we have some phenomenal resources here—and look forward to working with you on it and look forward to your lead on it.

I really don't have any specific questions, but I do want to assure you that working with you to inject approximately \$20 million into the future marketing of Toronto and Ontario is just a fabulous future for us. If you could enlighten us with any thoughts on where and how you might be spending that, it would be of interest to us.

Mr Seiling: Thank you first for your congratulations, Mr Peterson. Ontario is a great place to market. We haven't had a product problem. We've had declining market shares, which turned into absolute decreases in tourism the past couple of years, even before SARS hit. The problem was there.

We are not doing the marketing ourselves; we are turning it over to Tourism Toronto. We have a process in place, and I can assure you that we won't be marketing hotels. We would market attractions, whether it be cultural events, places to see and do. There will be a spinoff across the province, because we recognize that, while we're the gateway, it'll flow to other parts of the province as well.

We're going to get healthy. The recovery is underway. December was the first month in 12 months that we had increased spending year over year. I'm happy to report that January showed a similar increase. It's all relative. We've got a long way to go and we look forward to the government approving year two of the recovery funding because it is still crucial. While we have this dedicated marketing fee in place, that just started January 1 and it'll take us a while to collect some money to make a dent in the marketplace. So year two of the recovery funding is important and getting the PST exemption on it is equally important because the more money we can divert toward marketing, the higher return you're going to get in terms of jobs and also increased activity, because the government is our major shareholder, as I said. Thirty cents out of every dollar in the tourism industry goes back in direct taxes—that's not indirect; that's direct taxation.

The Chair: We'll move to the official opposition.

Mr O'Toole: I commend you, Mr Seiling. You're still a very good stickhandler. Despite time, it treats us all well.

Mr Colle: He doesn't have a good slapshot.

Mr O'Toole: At one time he had a very good one. Again, I commend you on that.

We've heard that destination marketing fee from a couple of locations and I commend you for, as Mr Peterson said, going on your own. That's really what was

being encouraged all along.

I thank you for your primer on property tax. I think it's quite a good review, as we struggled with it. The caps and the shifts are quite technical until you're actually into it for a while. I'm quite impressed with your list of recommendations there. I know personally the issues around the whole assessment base and tax rates and the

shifting of load.

What would your response be to those who have been overpaying for many years? I have a number in my riding who are actually entitled to a reduction and it's been clarified that they've been overpaying for years. They are limited by the amount of relief they can get year after year by this 5% capping mechanism. What would your response be—I see you want to maintain that—to get out of that strategy? There has to be an exit strategy, as you've suggested. What do you think we should do? Really, you can't just all of a sudden whack me up 20% or whack somebody else down 20% without having a huge impact on municipal revenues.

Mr Seiling: Thank you for raising the property tax, because it's a real concern of ours. I can tell you that if the hard caps come off there will be no new development in Toronto, in hotels for sure, but I think across the board, and it will continue an exodus of businesses out of the city. One only has to drive around Mississauga or Markham and take a look at all the new building space there versus the void of it here in Toronto to understand what the impact is.

Regarding the clawbacks, the government has to take a look at it. We have members who are due a \$1-million reduction who have been subsidizing other property groups for years now and they're denied it. As the 5% creep comes up, quite frankly, if you charted it out, they may never see that. There are outlyers. There are some people who need protection, but there are a whole bunch of people in that 10%, 15%, 20% range who over a couple of years could absorb it quite easily. It's not fair to have people subsidizing other people, especially if you're competing against them. I recognize that if there is an outlyer there you can take some funds out of the class to subsidize those outlyers, but they're far and few between because they have been moving. It has been used by municipalities to deny property tax fairness. One of the things that we've said is that predictable, fair and equitable has to be the standard for any property tax system or people will lose faith in it, as in anything else, and it just comes into disrepute.

The Chair: Thank you for your presentation this morning.

Mr Seiling: Thank you for the opportunity again.

ONTARIO NON-PROFIT HOUSING ASSOCIATION

The Chair: I call on the Ontario Non-Profit Housing Association. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you desire. I would ask you to state your names for the purposes of Hansard.

Ms Angie Hains: I'm Angie Hains and I'm the board president of the Ontario Non-Profit Housing Association. On my right is Sharad Kerur, who is the executive director, and on my left is David Peters, who is a special adviser to ONPHA.

Good morning, Mr Chair and members of the committee. On behalf of the Ontario Non-Profit Housing Association, I'd like to thank you for giving us the chance to speak to you today and to share our views on the important subject of sustainable, affordable and supportive non-profit housing in Ontario.

ONPHA, the Ontario Non-Profit Housing Association, is a member organization representing 770 non-profit housing providers with over 150,000 rental units in the province of Ontario. Our members provide affordable rental housing for families, seniors, the formerly homeless and hard to house and those living with a wide range of disabilities, including developmental disabilities and mental illness.

I'd like to acknowledge this government's public commitment to the housing file. We've been very impressed with it. The government was elected on a strong housing platform. Already we've seen movement in areas that reflect the commitment, and there are at least four ministers at the cabinet table with responsibility for housing matters. Minister Caplan has already made improvements to the affordable rental housing program and is actively

exploring further improvements with the federal government. The first organizational steps have been made to improve the delivery capacity for that program.

In the Ministry of Health and Long-Term Care, preliminary steps have been taken to stabilize the housing funding for housing providers under their jurisdiction. And as promised, the government has released the reports of the nine regional task forces on mental health. They too concluded that supportive community-based housing is essential for those trying to live with mental illness, and virtually all supportive housing is built and managed by non-profit providers.

Recently, the \$3.5 million received from the sale of the Princess Margaret Hospital site in Toronto was made available to the city of Toronto for affordable housing, and a consultation process has been established under the Premier's parliamentary assistant, Laurel Broten, to develop recommendations dealing with the many issues associated with women fleeing violence, including housing. We're heartened by both the government's platform and their initial steps and we thank them for their interest in the housing needs of Ontarians.

While much can be said about improving the state of social housing in Ontario, in our presentation today we would like to focus on six key areas. The first is the continuing need for more carefully targeted and truly affordable rental housing; the second is the immediate housing priorities that should be addressed within this budget; the third is how the government's housing commitments can be made while still being mindful of the deficit challenge; the fourth is non-budget items that are important to our members; the fifth is the need for a more coordinated housing strategy; and finally, what the province should be saying to the federal government.

I'll now turn it over to our executive director, Sharad Kerur, to elaborate on these areas and to provide you with recommendations that we believe can assist you in meeting your mandate.

Mr Sharad Kerur: Thank you very much. Good morning, Mr Chairman and members of the committee. I'd like to just initially say to you that the details of what I wish to speak to you about can be found in our submission that we've tabled with you. But what I'd like to do in the time we have here is perhaps just focus on the key recommendations we have made in our submission.

I'd like to begin the balance of our presentation by leaving you with this thought: The undeniable basic element and strength of any society rests on its ability to provide decent, supportive and affordable housing to all those who live in that society. Invariably, how healthy we are, the atmosphere in which we teach our children and the strength of our communities can be traced directly to how we house our citizens. So I believe we are all here today not to question or debate the merits of truly affordable housing but really to explore how we can make this happen.

Truly affordable housing means providing the capacity to house those with low to moderate income, as well as providing support services to those with special needs.

But the strategy to bring about truly affordable housing rests in a balanced approach that addresses both the supply side as well as the demand side of the equation. This is a generally accepted principle espoused by many experts such as TD Economics, which in their June 2003 report on affordable housing made that very conclusion.

Since the ability to address housing from just a supply side or just a demand side is not on the one hand economically feasible and cannot, on the other hand, simultaneously address both short-term and long-term measures, a balanced approach seems to be the logical choice. On the supply side, we are recommending that the government continue with its plans to produce 20,000 more units of affordable rental housing and 6,600 more units of supportive housing. Some would argue with us that there is no need to move quickly on this front, since vacancy rates at the low end of the rental market have recently improved. However, for the reasons we have detailed in our written submission, we believe the market forces that have brought about this change are of a temporary nature. Given that it takes normally two to three years to bring a housing project on stream, the vacancy data of today are largely irrelevant. What matters are the vacancy data for two to three years hence, and we believe that these data will show that the vacancy rate pattern will revert back to its low form.

We also recommend that the government move now on the implementation of its supply plans for two reasons. First, nearly \$345 million in federal funding assistance is available now, and must be committed by the year 2005 or face being lost. Secondly, since there is a two- to three-year time frame to bring housing on stream, it will mean that the provincial commitment need not impact on the government's current deficit reduction strategies.

While addressing the supply shortage is one issue, addressing the high demand side is another. Many households that wish to rent available units simply cannot afford them. Nowhere is this more evident than in the recent statistics from Statistics Canada showing that more than 270,000 households pay well over half their income on rent and 135,000 households in Ontario are currently on waiting lists. In Toronto alone, for example, the active waiting list is 50,000 households, which translates into an average waiting time of seven years, and, if you are a large family seeking a large unit, the waiting time is approximately 12 to 15 years.

To address these immediate needs, we believe that the government's proposed \$100-million housing allowance should not only target individual households themselves but also target the unit side as well. This will ensure that at least half the units are accessible to those who are on the waiting list. In addition, we believe that the shelter component of the Ontario Works program should be increased in order to keep pace with the direct housing allowance initiative.

Our next recommendation deals with the government's plan to build 6,600 more units of supportive housing. On this front, we applaud the government for

recognizing the shortage in this area and for taking steps to remedy this shortage. However, while there is a need for this type of housing, two things of a more immediate need must be considered. First, funding for supportive housing falls under the auspices of the Ministry of Health and Long-Term Care and of the Ministry of Community and Social Services. The base operational funding for this type of supportive housing has severely fallen behind over the last 10 years by as much as 18% to 22% of where it should be. While there have been some positive steps taken recently by the Ministry of Health to address a small portion of the funding shortfall, unless the base funding is properly fixed, the ability of the government to bring 6,600 units on stream may not be fully realized since there will be a reluctance to develop appropriate projects, knowing that ongoing operational funding arrangements are inadequate.

We therefore recommend that the funding shortfall be dealt with first. Alternatively, given the fiscal constraints of this government, we would reluctantly support a reduction in the 6,600-unit commitment if it means being able to deal with the base funding shortfall.

Second, the government also needs to recognize support services being given to those with critical housing problems, often referred to as hard to house. This type of housing does not fall under the Ministry of Health and Long-Term Care or the Ministry of Community and Social Services. It was devolved to the municipal sector, but is in no less need of adequate funding for support services they provide. As such, while the new program should give priority to those suffering from mental illness, we recommend that the program's definition be broadened to include these alternative housing projects, and that funding be made available to all agencies with good project proposals and not just those agencies servicing the Ministry of Health.

The government, as part of its election platform, spoke to the development of an Ontario mortgage and housing partnership to provide competitive financing rates, presumably utilizing the province's strong credit rating for non-profit, co-operative and commercial developers who want to build rental housing. Since each of these developers has vastly different approaches in their definition and development of affordable housing, our association would welcome the opportunity to consult with the government on this initiative from the standpoint of the non-profit sector.

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We recommend, however, that the government partners with CMHC in this regard to not only mitigate some of the borrowing risks, but also to explore other partnership ways to reduce financing costs, such as exempting providers who must meet the criteria of permanent affordability from insurance fees, which presently range from \$4,000 to \$5,000 per unit, or developing funding pools to deal with capital repair shortfalls within existing non-profit and public housing projects.

In keeping with the recommendations that we have provided in dealing with housing, an area where we believe the government can save money is with respect to the land transfer tax rebate program. During the past several years, this program has cost the government as much as \$130 million, and yet the benefit is equivalent to a mere \$8 per month in reduced mortgage payments in an already low-interest environment which, in and of itself, has created a booming market for first-time homebuyers. In our view, the continuation of this program is not a prudent use of taxpayers' money and has little, if any, impact on the decision to buy a home.

In our written submission, we touch on several recommendations we believe are needed to give structural strength to Ontario's affordable and supportive housing programs. Key among these include ensuring that at least one half of all units result in permanent affordability. We all know there has been and will always be a need in our society for affordable and supportive housing. Permanent affordability is the hallmark of non-profit providers, who are not motivated by a desire to maximize a return on equity for investors and therefore do not need to limit their affordability commitment to a set number of years.

We also need a consistent long-term program environment. On-again and off-again funding programs are not helpful. While funding can be adjusted year to year based on prevailing conditions, programs should not come and go with the times.

We also recommend that the government ensure that at least one half of all units are accessible to those on the waiting list.

We also recommend that the government create a centre of housing development expertise to assist non-profit developers to produce permanent affordable housing.

We also suggest that the government review the manner in which housing services are now separately delivered by each of the four ministries that have housing files, with a view to creating a more streamlined and coordinated approach so that cost efficiencies and economies of scale can more easily be identified.

We encourage this government to speak with the federal government to encourage them to remain committed to housing through the development of a long-term national housing strategy, to accelerate the advance of funds it makes available for project development funding, and to recycle back into the national housing sector the nearly \$32 billion in savings it stands to gain from expiring federal operating agreements over the next 30 years.

Our written submission contains several other recommendations that we don't have time to go into here today but that we feel set forth an important blueprint by which this government can steer its housing course, fulfill its commitments and establish a solid housing foundation in order to be able to strengthen our communities and, ultimately, our province.

In closing, let me say that the Ontario Non-Profit Housing Association and our members are very encouraged by the actions this government has taken to date. We look forward to working with you so that together we can solve the challenges that lie ahead and offer you our assistance in this regard.

Thank you very much for giving us time to speak with you today.

The Chair: Thank you for your presentation. We have about two minutes per party. We'll begin with the government.

Mr Colle: I appreciate your positive approach and the fact that there are potential solutions out there with more partnering, especially with the federal government.

I don't know if you're familiar with Michel Labbé's approach to providing housing. What is the non-profit housing sector's take on his approach? You're smiling, but I have a beautiful project in my area that seems to be affordable. I know he got land from Canada Mortgage and Housing. Anyway, what is your take on that?

Mr David Peters: Our take on it is that what Options for Homes does is provide, through several efficiencies—not the least of which is, he doesn't do a lot of marketing. He has a very good construction arrangement with DelZotto, and he produces a very cost-efficient home ownership option. He's got a vision that he believes will ultimately produce some very affordable housing, but that vision will take a long time to happen and can't replace the need for affordable and supportive housing. It's a niche that he's exploring that the government might be well advised to see if it was programmable in the sense that other developers could be encouraged to go in there and create some competition in that niche.

Mr Colle: It doesn't really target the high-need area.
Mr Peters: No. There's an honourable and genuine effort to get at it, but it's really a few units per project.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you for a very balanced presentation. I commend you for that. I'll make a couple of remarks and then I have a question.

As you know, our government's platform was based on home ownership, basically. I still espouse that perspective, in balance. We've heard input that house prices are affected very much by the amount of development charges, fees, licensing and permits—by as much as 40% of the house. Some 40% or 30% of a \$150,000 house is \$50,000 on a mortgage for 30 years. It's a lot of money that the buyer is actually paying. There could be much done on that—I didn't see much in here on that—to drive the costs of getting these developments to completion.

As you know—your presentation announced it and I commend you for it—there is a lag in housing inventory moves, and that lag effect is showing up now. You said on page 5 of your report that there is a higher vacancy rate and that rents are lowering in the lower quartile of the whole spectrum of affordability. That's the way the real market works. I believe, to some extent, people moving out of rental creates more rental vacancies. You understand the economics of that. I think there could be more done to encourage, as you've said, a program which offers both the private sector and not-for-profit housing. That's a balanced way, because no one solution, no government solution is going to fix this. That's what we saw in the late 1980s and 1990s.

The one question I have is to deal with the recommendation to cancel the land transfer tax for first-time homebuyers. I don't get that one. That's a very successful program for people, if your motive is to encourage home ownership and commitment to property and maintenance etc. How would you justify that? These are the market entry people, the very people you're trying to get out of rental. Why would you recommend cancelling that?

Mr Kerur: The issue of the cancellation stems back to putting forward the best use of the government's dollars in that regard. Right now, as we state in our submission, the impact on the actual first-time homebuyer—and it is only for first-time homebuyers—is really limited to a reduction of \$8 in their monthly mortgage payment.

What we see as being the real stimulus in terms of moving people out of the rental market into the home ownership program is not that program per se. What we see is the fact that we have a low interest rate environment right now. We see different financing arrangements coming on stream from the financial institutions. So we see the market as responding more than the fact that the government had provided a land transfer tax as an impetus for people to move out of the rental market. What we're simply saying is, save those dollars.

The Chair: We'll move to Mr Prue of the NDP.

Mr Prue: Just a couple of questions in terms of the \$350 million sitting there from the federal government which has not been utilized to any significant extent. We have only about a year to get to do that. What can this government do in the next year to maximize the \$350 million? Obviously, we're going to have to spend \$350 million ourselves.

Mr Kerur: I think the true challenge there—and that's why in our submission what we're espousing is a quick response time in meeting a commitment—is to at least get the funding access from the federal government now. But given the fact that it will take two to three years to bring the housing on stream, there is some time before this government actually has to shell out current dollars to make that happen.

The other thing I think the current government can do is talk to the federal government to see whether there's a possibility of extending that particular time frame out beyond 2005 or 2006 when the program ends.

Mr Prue: My second question is, this will only build so many houses. It won't build the 20,000, but it may build the 6,600, which is for supportive housing primarily for the mentally ill and the hard to house. If we have to spend the money, should it go there? Or do you favour the other side or do you favour a combination?

Mr Peters: That's a tough question. Mr Prue: Well, I ask tough questions.

Mr Peters: I think the honest answer to that is we could live with the idea that the deficit challenge means that, in the short run, the total of the government's promises don't add up to 26,600 units. So if they wanted to fund the 6,600 supportive housing units, the capital side of those units, out of the 20,000-unit program for affordable housing, there's a certain amount of common

sense that goes there. I think we would prefer the alternative, but practically speaking that would be sensible.

Other than that, we would say that you have to keep working really hard to get those commitments delivered. The experience of delivering housing, as Sharad says, is that you don't have to slow it down to try and save some money. Housing, regrettably, slows itself down. It's a long, tough grind to get a housing project built. There are all sorts of challenges that you're all familiar with. If someone suggests that some money is to be saved in the deficit by slowing down the housing programs, forget it; it will slow itself down. You should be working as hard as you can or you'll lose the 350 million federal dollars.

The Chair: Thank you for your presentation. The committee is recessed until 1 o'clock.

The committee recessed from 1212 to 1301.

TORONTO DISTRICT SCHOOL BOARD, WARD 15, TORONTO-DANFORTH

The Chair: The standing committee on finance and economic affairs will please come to order. I would ask that the Toronto District School Board, Ward 15, Toronto-Danforth, please come forward. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes, if you so desire. I would ask you to state your name for the purposes of our Hansard recording, and you can begin.

Mr Richard Telfer: My name is Rick Telfer and I am here as the trustee for Ward 15 of the Toronto District School Board. That's the riding of Toronto-Danforth.

I just want to start by saying good afternoon and thanks for this opportunity to speak. I want to make three arguments today in talking about education on a provincial level, but also at the level of the Toronto District School Board.

The first thing that I want to say is that it's absolutely critical for the new provincial government to reinvest in the education system significantly and immediately. To this end, I want to outline the current fiscal pressures that are facing the system provincially and also talk about the current fiscal pressures facing the Toronto District School Board specifically. I want to argue, secondly, that Toronto schools require special consideration. Lastly, I want to argue that properly funding education is going to require raising taxes in the province.

I'm sure you've heard from other groups already and will hear from more that will talk about the Rozanski report, so I'm not going delve into the finer details of the Rozanski report today. But I do think there are certain points worth reiterating, just to set the framework for what I want to argue.

You will recall that only 15 months ago the government's Education Equality Task Force, which was led by Dr Mordechai Rozanski, released a report containing 33 recommendations about Ontario's funding formula for public education.

Rozanski called on the government to address three critical areas. The first was the chronic underfunding of the funding formula's current benchmarks, or the fixed costs for education; second, students at risk and other areas of immediate need such as special education and school renewal; and finally, salaries and benefits funding for education workers.

Rozanski estimated that the minimum cost of these three critical areas was \$2.1 billion, with funding for some areas, of course, to begin in 2002-03, and for funding in other areas to be spread out over two to three years, to be phased in.

Given this obviously very significant amount of money, Rozanski recommended that benchmark changes of \$1.1 billion be phased in over three years beginning in the current fiscal year, 2003-04, as part of a multi-year funding plan.

I think it should be stated too, and I don't think that the previous government acted on this particular very important recommendation, that one of Rozanski's most important contributions to the debate was that benchmark values needed to be revised on an annual basis to cover inflationary costs. So the bottom line, and this is where I want to leave it as far as Rozanski goes, is that the system needs an investment of \$2.1 billion over the next three to four years.

Now, turning to one of Toronto's four public school boards, and one of the largest ones in North America, that being of course the Toronto District School Board, I want to provide you with some specifics about the board's current fiscal situation so that, for example, people aren't just relying on what they see in the Toronto Star.

I have learned from the board's administration, and you will likely hear from them-I see they're on the agenda for later today; you'll hear from them again—that as of last August the board's long-term debt is in fact \$115 million; \$20 million of that has to be repaid this year and \$20 million repaid every year until that's paid off. That's the plan, currently. The deficit that the board is facing is \$3.9 million for the current fiscal year. That will be an added \$3.9 million, plus another \$1.5 million to cover the electricity rate increase that's scheduled for April 1. Unless the province covers that particular unexpected cost, that means that the board's deficit is going to jump up to \$5.4 million this year. All of that is in addition to the \$55-million deficit that we're carrying over from the previous fiscal year, 2002-03, that being the deficit that was imposed on the board by the previous government under supervision.

The bottom line, then, is that the board is heading toward a total debt load of more than \$175 million by the end of the current fiscal year. That's a debt load that has accumulated even after several years of spending cuts, which, as we all know, have resulted in continually declining classroom resources and the loss of important programs.

Of course, there is a need for immediate and significant reinvestment in Toronto's schools, and that's best assessed, I think, at the level of individual schools. As the trustee for Toronto-Danforth, I've had the privilege of representing and therefore regularly hearing from parents, students, teachers and support staff in the schools. There are 32 schools in my ward alone, and I'm just going to highlight some of their stories.

At Dundas Junior Public School, parents are very concerned about the classroom overcrowding that has resulted from the loss of educational assistants, and they lost three teachers in the past year alone. They are also deeply concerned about the general decline in the school's upkeep and maintenance, including the plumbing. This is all despite the best efforts of maintenance staff

At Earl Grey Senior Public School, a high school, parents are concerned about the lack of funding for special education. They have also rightly argued, I think, that all schools should have basic staffing needs met regardless of the size of the school, and of course that's one of the fundamental flaws with the funding formula. Earl Grey does not have enough money to cover the costs of purchasing even the necessary textbooks for their science class or for their French immersion math class. Although it is always clean, Earl Grey is physically deteriorating. The school needs new windows, new curtains and new coats of paint on the interior and exterior. There's just not the money for this kind of thing, and fundraising efforts are dwindling because people are feeling squeezed.

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To continue: Bruce Junior Public School has had snow coming through its windows despite the windows being closed. They don't have the money to fix that. Jackman Avenue Junior Public School, which is in generally good state vis-à-vis other schools, has peeling paint on the walls, and the parents are having to fundraise just to buy curtains. At Leslieville Junior Public School, parents and teachers need more space for extracurricular and enrichment activities, but extra space is being locked up behind classroom doors because there is not enough funding to cover the electrical costs of actually powering those rooms. At Roden Junior Public School, the nutritional snack program was literally just cancelled because the school can no longer afford to fund it, so there's no more nutritional snack program for kids.

These are only some of the recent problems. I just wanted to highlight some of the recent ones that I've been hearing from parents because I think a lot of us have already heard about some of the problems that have been facing the system for the last few years. These are things I've learned only since I was elected last November, just

10 weeks ago.

You're likely aware that on January 28 a majority of trustees of the Toronto District School Board voted against a motion to commit to balancing the board's budget for the current fiscal year. I was among the 13 of 22 trustees who voted against the motion because, in the final analysis, trustees were being asked to cut a minimum of \$3.9 million from the budget; that's the lowend deficit figure that I cited earlier.

Knowing that the board oversees 558 schools Torontowide, that kind of cut translates into \$7,000 per school. In my ward of 32 schools, that means about \$225,000 is immediately withdrawn from the schools. If the province does not cover the unexpected jump in power costs, that would be an immediate withdrawal of \$310,000 from schools in my ward.

It's a fact that schools would be the areas affected by such a cut. The only "soft" areas left in the board's budget at this point are classroom resources and programming, including computers, textbooks, supplies and maintenance. You will notice that these are the kinds of things that parents have told me are already in short supply and urgently need reinvestment and restoration.

Besides, even if unused or unneeded budgeted-for items are to be found in any other area of the board's \$2-billion budget, then I think those monies should immediately be channelled into classrooms, and not cut, as though that money just isn't needed, that other areas of the budget accurately reflect the needs of our schools.

I want to add at this point that the province has to acknowledge—and the funding grants already do to some degree, but I think there needs to be something above and beyond in the way of recognizing that Toronto has very unique needs in the areas of English as a second language, the cost of maintaining older facilities that are in Toronto, especially in the downtown areas, the high cost of living in Toronto, and lastly, the extreme poverty that's experienced in parts of our city.

On the topic of poverty specifically, one principal and parent recently wrote to me and said:

"I think [poverty] is the issue of greatest cost to Toronto. In an article two years ago, in the Toronto Star it was stated that nearly 40% of the children growing up in Toronto live in poverty. Families from all over the country and the world move here seeking work and often need support when they get here.

"The impact on children's learning is widely documented. They come to school hungry, they are not exposed to literature at home and they often have behavioural issues. The Toronto Board has responded with safe schools staff, social work, assistants in the kindergartens, reading recovery, breakfast programs, etc.

"Prior to the introduction of the funding formula, the metro board knew this and the 'inner city' schools were supported. The learning opportunities grant attempts to help but it is not enough. More funding in this area will help us maintain many of the great programs and staff that we need."

It is clear that the province must address the specific needs of Toronto through a special urban factor grant, which would be a separate and enhanced envelope of funding.

To tie all of these facts, figures and reports together, I believe that the parents of Earl Grey high school, whom I had the opportunity to meet with again just last night, said it best, in a recent letter addressed to me:

"The concept of schools having to compete for funds ... is bizarre. All schools should get the money they need

to allow each and every student the very best education possible.

"Education funding must be increased. If this cannot be done without raising taxes, then it is our belief that we should put the needs of our children first: Raise taxes and make the investment in our children's futures."

In the same vein, a parent at R.H. McGregor Elementary School recently wrote to me:

"The current government cannot keep both its promise to not raise taxes and its promise to properly fund our children's education. I choose more taxes."

These comments reflect my own position exactly, and I am confident that they reflect the general sentiment of my constituents and in Ontario.

Since being elected, I have sought to maintain regular contact with every single parent council—all 32 of them—in my ward and I have explained my position to them. To date, not a single parent council has opposed my position. This doesn't surprise me, of course, because I ran on a platform of no more cuts and increased education funding, and I was elected with over 15,000 votes.

My constituents, the people of Toronto, and the people of Ontario, are willing to pay their fair share. Like me, they support fair tax increases, they support progressive taxation of income; they don't support flat taxes or user fees.

People recognize that there is a desperate need to rebuild social programs like education. They understand that the future of education is at stake. It is plainly obvious that the people of Ontario voted for change and they meant it. They want the new Liberal government to keep its promises, and not just on the small-ticket and nocost items. People want significant and immediate reinvestment and they understand and accept that this will come at a small cost to them as taxpayers.

I want to say that I am well aware of the pressures facing the government from the vocal, right-wing fringe organizations like the Canadian Taxpayers Federation and the Fraser Institute. For these groups, representing the narrow but disproportionately influential corporate elite, the only economic policies are tax cuts and privatization. This sounds familiar, of course, because it is also the favourite refrain of the Progressive Conservative Party, the party of big business and wealth.

I wonder how familiar members of this committee are with the fable of the frog and the scorpion. I thought it would be fun to just state it here for the record. A scorpion and a frog meet on the bank of a stream and the scorpion asks the frog to carry him on its back. The frog asks, "How do I know you won't sting me?" The scorpion says, "Because if I do, I will die too." The frog is satisfied and they set out, but in midstream the scorpion stings the frog. The frog feels the onset of paralysis and starts to sink, knowing they both will drown, but has just enough time to gasp, "Why?" Replies the scorpion, "It's my nature."

I tell this story because, to me, it reflects the commitment that the new Premier, Dalton McGuinty, made to the Canadian Taxpayers Federation not to raise taxes during last fall's election campaign. Of course, the Liberals are represented by the frog and the Canadian Taxpayers Federation by the scorpion: Whether the Liberals raise taxes or not, the scorpion will sting.

I have to ask, then, why would the new government cater to such a greedy, anti-social agenda of the right wing at all? Why would the Liberals not choose the change they promised, but instead choose to sleep in the bed that the previous government made? I say to the new government, it is time to remake the bed and, as the first step toward that goal, repeal both the Balanced Budget Act and the so-called Taxpayer Protection Act.

Our province is facing a large fiscal deficit, one that is the fault of the previous government, true, but also one that the Liberals predicted on the public record several months before last fall's election. The fiscal deficit was not really a surprise, and correcting the social deficit was the foundational theme of the Liberals' election platform. I wonder, then, why do I find myself sitting here today, trying to make the case for what the people of Ontario already chose? That's a question I'd like representatives of the new government to answer sometime soon.

All of that said, I wish to acknowledge and thank the new government for keeping many important promises like, obviously, cancelling the private school tax credit, eliminating teacher recertification, introducing a short-term moratorium on school closures, eliminating junk food from public schools, making a modest first-step allocation of \$112 million to Ontario's schools and, finally, committing to freezing college and university tuition fees, albeit for domestic students only, beginning next September.

To be sure, these are all welcome and needed improvements to the education system, so I must commend the new government for announcing and introducing them so quickly in the first year of its mandate. However, the biggest problem that continues to face our public schools and that burdens the children and youth learning and growing in them must be addressed significantly and swiftly. I am talking, again, about the revenue problem. This problem must be tackled in the next provincial budget by way of a systematic plan for recovering public revenue.

Rozanski told us only 15 months ago that the education system needs \$2.1 billion. We also know, despite all of the cuts and the ongoing decline of classroom resources, that the Toronto District School Board is spiralling toward a debt of \$175 million. We simply cannot afford to cut further, to ignore inflationary pressures and rising energy costs and to accumulate more debt at the expense of future generations.

To sum up, I want to say that on behalf of my constituents, and I think on behalf of most people in Ontario, I am calling on the new provincial government to meet the expectations it raised during last fall's election campaign specifically with respect to education funding. I want to conclude by restating the three main points that I hope I made clear today.

First, the next provincial budget must reflect a commitment to Rozanski's funding recommendations for all of Ontario's public schools, recognizing that Rozanski's recommendations represent only the bare minimum requirements for the entire education system.

Second, the next provincial budget must address the rapidly accumulating debt load of the Toronto District School Board, and again, you'll likely hear more about that later this afternoon. It must introduce an urban factor grant to address the unique needs of Toronto's schools, especially in the area of poverty.

Lastly, the next provincial budget must begin to recover public revenue in a sustainable way through progressive taxation measures as part of a long-term strategy to restore the foundations of our cherished education system. The new government must reject inequitable measures such as flat taxes and user fees, including OHIP premiums.

I just want to conclude there, and I'm happy to have questions. Thanks very much for your time.

The Chair: We only have time for a question from one party, about three minutes, and we'll go to the official opposition.

Mr O'Toole: I guess I'll be the only person to ask questions. I look at the agenda today and I think I'll reserve my questions for the superintendent of business services, Toronto District School Board.

The Chair: Thank you for your presentation.

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RETAIL COUNCIL OF CANADA

The Chair: I call on the Retail Council of Canada to come forward. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to identify yourself for the purposes of Hansard.

Ms Lisa Marsden: My name is Lisa Marsden. I'm the vice-president of government relations for the Retail Council of Canada. Thank you for the opportunity to appear before you today. I will try to move through the presentation quickly so that we do have some opportunity for questions.

The Retail Council of Canada has been the voice of retail since 1963. We represent an industry that touches the daily lives of most people in the province. Like most associations, we are a not-for-profit association funded through dues revenues. Our 9,000 members represent all retail formats: mass merchants, independents, specialty stores and on-line merchants. You will notice from our presentation that 90% of our members are small, independent retailers and 40% of our membership is based in Ontario, which is consistent with the industry averages that you'll see later.

The retail industry is a dynamic and fast-paced industry. Nationally it contributes about \$315 billion to the economy. That represents about 5.6% of the GDP. In Ontario, currently we're posting \$105 billion, as of November, but we expect that to push up to about \$115

billion when the stats are in, which represents about 5% of GDP.

The retail sector touches every corner of the province, as I said, and there's a chart in your presentation today that gives a breakdown of a little bit of what retail looks like in some of the ridings across the province. There's a supplemental note you will see, because when we ran the numbers, they showed Windsor only having 106 retail establishments, which obviously is not the case. There was an error in StatsCan's numbers. Windsor is around 2.006. I believe.

Despite its significant size and scope, retail really is dominated by small business. The majority of our members employ fewer than four people. When you see this indeterminate column in graph 2, indeterminates are actually companies with no payroll, so they are sole proprietorships, mom-and-pops. They don't have a payroll; they don't employ a single person. More than 70% of our retail sector has sales of less than \$500,000, and 89% of the retail sector has sales of less than \$2 million, so this is really small business we're talking about. We talk about the Wal-Marts or the Bays or the Sears, and they are really in the minority at 3% of the industry.

Retail is Ontario's second-largest employer, with over 730,000 employees in Ontario. I think that's actually a little-known fact, but we rank right behind manufacturing, and you can see that in scale, well ahead of health care, the tourism industry. It's just a huge industry in terms of employment.

Economic review and outlook: As you all known, 2003 was the year of SARS, mad cow disease and the blackout. All of that being said, retail fared fairly well. We posted a 3.1% growth nationally and a 3% growth in Ontario, which shows remarkable consumer resilience and consumer confidence. That is the province as a whole. There were obviously ups and downs, and Toronto is one of those areas that was down.

The retail outlook for 2004 is actually one of cautious optimism. The consensus among the industry is that we will post a 3% growth next year, which seems consistent with the chief economist's prediction of a 3% to 3.4% growth. The only thing I would note here is that usually retail actually leads the growth. So we're seeing some cautious reserving there by retailers. When we push them on that, the reasons they highlighted it were that they are still concerned about the Canadian dollar, the rising debt levels that consumers are taking on, some increases in input costs, and the Bank of Canada outlook was obviously not as robust as they were looking for.

In terms of trends in the industry, mass merchants are taking considerable market share away from independents. Independents are really struggling at this point in time, and their success is really going to hinge on finding that niche marketplace where a large retailer can't attack. So they're really struggling with that.

Just to move on to some general fiscal policy advice, I guess, from the retail industry, retailers are well aware of the government's \$5.6-billion deficit. They are well

aware of the structural deficit and they're aware of what your priorities are, namely health care and education. They don't dispute those.

That being said, retailers understand, and the business community understands, that we can shoulder this all by ourselves. We've recently seen the rollback of the corporate tax rate, which I'll note that we did not oppose. We did not oppose holding the line on the small business tax rate. We did not oppose the increase in energy prices, because we understood it had to happen, and we suspect that those energy prices will actually rise again. We did not oppose the introduction of the blue box program plan in December, which will cost about \$42 million annually. We are one of the few employer-based organizations that did not oppose the increase in the minimum wage. So the industry as a whole is very realistic and reasonable. That's what I want to tell you before I go on to our next phase.

That being said, retailers are saying right now, "Enough." We are dealing with some pretty serious increases in input costs. We are still dealing with the appreciation of the Canadian dollar. We think your chief economist said it best when he said that you certainly want to realize and recognize that you're in an environment where you don't want to be adding on to business costs as they grapple with these other inputs, specifically the exchange rate.

So in terms of some advice, we think the most important thing the government can do right now is to sustain consumer confidence. That needs to be done by removing impediments to job growth, not adding them. It needs to be done, obviously, by balancing the increases that you've already done with stabilizing spending. We do think the budget needs to be balanced sooner rather than later, because deficit budgets certainly do have a seriously negative impact on consumer confidence, which is going to affect the economy.

Moving on to something we think you can do, the government in its campaign platform committed to taking the Red Tape Commission and moving it into a very specific agency devoted to small business needs. We supported that and we think that should be done sooner rather than later.

During pre-budget consultations, whether it's been at this committee, the town hall meetings or in scrums, there have been a number of trial balloons sent up about tax increases, whether it has been the RST, the employer health tax or some of those issues. We'll touch upon them here, but we really think what's better is that this small business group, whatever it's going to be called, gets established, announced in the budget, and that it be given a mandate to look at these initiatives and report back either to this committee or to the Minister of Finance with some real recommendation. A lot of these things are being debated without due consideration and input. Even though we will touch upon them here, we really haven't had the time to analyze them to the depth they should be and tell you what the impact is going to be on our sector. Some of the impacts I'm going to give you are obviously very high-level. So we'd urge you to move forward with a recommendation to establish that group.

The retail sales tax: There was obviously a reference from this committee, I think, in your first meeting about the potential for increasing the retail sales tax. We would obviously urge you not to move in that direction. We'd point to some research actually done by the parliamentary research library when it looked at a suspension of the GST to help stimulate the economy after 9/11. That research found that there were immediate positive benefits. It increased consumption. It would have boosted demand, increased profit margins, earnings and revenues, stabilized the market, and resulted in real GDP growth and a reduction of unemployment. So our message to you today is that if you were going to move into an RST increase, all of those things there that would have been positive in a suspension would actually turn up in their negative form. It wouldn't yield you, I think, the revenues you're looking for, because you'll see a downturn in the economy and spending.

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Moving to the employer health tax: As I mentioned, we're the second-largest employer, and the employer health tax is a profit-insensitive tax that hits employers, and large employers more adversely than other employers. We supported the government's initiative to introduce the EHT exemption on the first \$400,000. I think some of you will remember we actually lobbied for it to be much higher than the first \$400,000. Ontario is currently one of only five provinces that have this type of tax, along with Newfoundland, Manitoba, Quebec and the Northwest Territories. In fact, Manitoba exempts the first \$1 million of payroll. The exemption level helped us create 108,000 new jobs between 1996 and 2002, and our message to you today is not to eliminate that exemption. If it were to be eliminated, it would result in a decrease in jobs in our sector.

Moving on to property tax, this is an agenda item that has really been placed on your agenda by the municipalities, and we want to give you the view of our industry and of small business. Property tax revitalization or modernization, or whatever we were calling it several years ago, was a very painful exercise for the government, for businesses and for residents. But it had devastating impacts on the commercial sector, because tax bills doubled, tripled and quadrupled overnight, mainly as a result of higher assessment values as we modernize our assessment tool, but also because of tax rates that were placed on the commercial class. In some municipalities across Ontario, in fact in the majority, the commercial tax rate is two, three, four, five and six times higher than the residential tax rate. This situation is even more untenable for businesses when they receive only a fraction of the services and in fact pay for some services like garbage pickup and now the blue box program.

The previous government introduced Bill 140. Bill 140 was really to encourage municipalities to move within the bands of fairness and lessen the tax load on commercial businesses so it was shared more equally

across the tax base. Our message to you is that a number of municipalities have encouraged you to repeal Bill 140, and we urge you not to. We urge you to resist that. While it may seem like a quick fix to some of the municipalities' financial problems, it would have a really negative impact on small businesses in those communities. We do believe municipalities need a new deal, and we're ready to stand with municipalities and help them on that new deal—I think you're hearing from the Toronto Board of Trade later on and some of their efforts—but that new deal should not be the repeal of Bill 140.

Finally, the last issue I'd like to talk about is training tax credits. The government announced in their economic platform that they would roll out training tax credits. Our industry is facing a severe labour shortage in the coming years. We, as a sector, have identified this as one of the top priorities, and we've thrown considerable resources, both staff and financial, at dealing with it. We've launched what we call the retail as a career initiative, which has training models, such as retail first-level managers and sales associates. This is really to help people who enter the retail workforce work their way up to management positions.

What we're asking today is that you consider moving forward with that training tax credit, so that more employers, instead of just the large employers, who are currently taking up that initiative, can benefit from those training programs and really help to develop the skill sets within the retail sector. Retail is still one of the few sectors where you can enter at a mid-level or even junior position and really, through training on the job, work your way up to a senior level, whether it's buyer, purchaser, accountant or even president and CEO. We have a number of presidents and CEOs of Canadian companies who started as sales associates. So we encourage you to move forward with that. That's a really positive thing the government could do.

In closing, I'll note there are two other briefings in your book. Both are tax simplification issues, one on bottled water and one on herbals and naturals. The issue with those is that Ontario applies PST differently to those products than other provinces or than the federal government does with GST. We'd ask, just for simplification, that Ontario move to streamline the application of PST on those items. We're not going to say whether you should exempt them or tax them. We're just going to say make it simple and streamline it so retailers know what they're charging PST on and what they're not, because there's a lot of confusion in the marketplace about that.

I hope that leaves time for questions.

The Chair: Thank you. We have about two minutes per party, and we'll begin with the NDP.

Mr Prue: Only two minutes, and I had three good questions.

Ms Marsden: Pick your best.

Mr Prue: I'm just going to go to payroll taxes. You want them to remain as they are. We heard from an economist, on the first day, who described how they are being misused, not necessarily by the retail sector but by

all kinds of people—everyone from tax consultants to mediators to auditors to law firms—who are just using this as a way of getting around taxation. If we keep it exactly as it is, we're going to be losing hundreds of millions of dollars from people who I think probably are not eligible for it. I would just like your comment on that.

Ms Marsden: I guess our comment on that would be, first of all, that that's very unfortunate. This was an initiative that was supposed to be targeted at small business and to help employment within those sectors. There was a small business task force that took place under the Minister of Finance that actually identified that issue and the misuse of that issue and was starting to grapple with ways we could address that. I think that work needs to continue. Maybe that's something this red tape/small business group could continue to do and bring forward recommendations. It has to keep the purpose it was intended for. The purpose was to help small employers create jobs and become more competitive.

Mr Prue: My second question, because I'm going to get it in, relates to the city of Toronto. You are saying that Bill 140 should not be repealed. The city of Toronto is facing a budget shortfall of \$344 million. If they do not get the gas tax from this government, if they do not get money that they are expecting from this and the federal governments, what other source of revenue could they possibly get, except the direct tax? They're going to have to tax everyone, not just homeowners. They're in a conundrum, just as you are.

Ms Marsden: I guess our response to that from a business perspective is that the city of Toronto needs to equalize their tax rates between commercial, industrial and residential at this point in time. As you'll recall from the last debate on this, small business owners were literally going out of business along the Danforth in those areas—small business owners, because their tax bills were so huge. We can't allow that to happen, because it will gut our downtown core. There are serious issues, but I'm not sure the issue is just let's throw it over to the commercial taxpayer, because that has consequences we don't want to see happen, any of us.

Mr Prue: Provided they have some other source.

The Chair: Thank you. We'll move to the government.

Mr Wilkinson: I'm just reading your brief on simplifying the taxation of bottled water, but I want to go to the broader issue. Obviously, the advice is good advice, that we would apply the PST on water differently than the GST that the feds apply, but could you comment about actually harmonizing the PST and the GST in Ontario, something that's never happened? Other jurisdictions do it, so just your take on that.

Ms Marsden: Our understanding is that there are some discussions going on at the federal level on that. We haven't developed a policy position, other than to say that if that happens, we don't want it buried in the price of retail. It still has to be on the sales ticket, because if it gets buried in the price of retail, it gets rolled up into net sales, rents and all those kinds of things. That's the only

piece of it we've grappled with at this point. The other issue would be that in doing that, do you expand the base, and what do you expand the base to? We haven't had a chance within Ontario to look at what the implications of that would be for our sector specifically.

Mr Wilkinson: How do you find it in comparison to—I mean, you obviously represent other jurisdictions. So how do you find it's working there? Is it easier for

business to have just one tax to deal with?

Ms Marsden: In some other jurisdictions some of the comments we've heard is that it simplifies the administration.

Mr Wilkinson: Thanks.

The Chair: Thank you. We'll move to the official position.

Mr O'Toole: Thank you for your presentation. Just a couple of comments. It was a good presentation, quickly covering a number of the issues. I'm glad to see you're in favour of a number of increases in taxes. They're not reversing; they're increasing tax. With Bill 2 they increased the tax. They also did the same on the energy issue. You're happy with that. That's great. You have to know that 80% of all the business job creation is small business.

Another comment here is on the small business advisory task force. We had a small business advisory task force, which the Retail Council of Canada was on. It dealt with red tape, regulation and harmonization of tax issues. You made a very good point on the retail sales tax, which I sort of clarify in terms of Mr Wilkinson's question there. There is a theory that if you increase the taxes—to harmonize is really an increase, because they'll harmonize to the GST schedule. It's about \$400 million more in revenue, kind of a blind tax increase. People will go for it because they sometimes aren't told everything they should be. If you increase taxes, you actually reduce the revenue. Erik Peters, whom they respect very highly—they use him both as a consultant in an ongoing sense, probably as a paid consultant too—said that about 26% of the economy is underground. What's the sense in your industry of harmonizing PST and GST? It's a good question Mr Wilkinson raised.

Ms Marsden: To back up first of all, we didn't say we support it. We said we didn't actively lobby against some of those increases because we understood the pressures the government was under. Just to be clear, I don't want my members to think we were out advocating for them.

Secondly, back to the issue of harmonization: Like I said, other than the package of whether it's priced in or priced out, we haven't taken a position yet because we haven't done the analysis that needs to be done for our sector.

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Mr O'Toole: The commercial sector has about a 4% to 5% multiple of residential. Most people in the assessment argument don't understand, with all the different property classes, that commercial gets killed. They're non-residential taxpayers so they hammer them—and some of them here are previous councillors. Multi-resi-

dential is about three times residential, industrial-commercial is four and six times it. What would you like to see to deal with the hard capping? That came up with the hotel-restaurant people earlier today with respect to the capping mechanism.

Ms Marsden: Our members supported the capping and we've continued to do so. We support Bill 140 staying in place because we believe the rates between municipalities, between the commercial and the residential tax base has to be equalized. The commercial sector can't continue to carry them. If the caps were lifted and Bill 140 were repealed, I think we would see the same kind of revolting in the streets that we saw five years ago from business.

Mr O'Toole: That's what happened with Bob Rae too.

The Chair: Thank you for your presentation.

ONTARIO HEALTH COALITION

The Chair: I call on the Ontario Health Coalition. You have 20 minutes for your presentation. You may leave time for questioning within that 20 minutes if you desire. I would ask you to state your names for the purposes of Hansard.

Ms Ethel Meade: Thank you. Am I using the micro-

phone right? Can you hear me? OK.

My name is Ethel Meade. I am the community cochair of the Ontario Health Coalition, a network of more than 400 organizations representing hundreds of thousands of individuals in all parts of Ontario. The coalition's purpose is to empower the members of its constituent organizations to become actively involved in debates in the public realm, especially around public health and health care policy. We provide to our member organizations and to the public regularly updated information on the health care system and its programs and policies.

By supporting and encouraging public debate in this area, we contribute to the checks and balances essential to good decision-making. We are a non-partisan group committed to maintaining and enhancing our publicly funded, publicly administered health care system by honouring and strengthening the principles of the Canada Health Act.

With me is Natalie Mehra, our executive coordinator, who will be speaking to you shortly about the health coalition's main concerns. Before she speaks, however, I want to briefly present the views of Care Watch Toronto, the organization that I represent on the coalition's steering committee.

Care Watch Toronto, a network of organizations and individuals focused on improving in-home care, does not share the government's obsession with balancing the budget without raising taxes. Such an objective can be reached only at the expense of health care and other social programs, all of which were battered by the previous government and their obsession with cutting taxes.

Our member organizations, which include major seniors' organizations, are willing to pay our fair share of the cost of social programs that serve the public good. The progressive income tax, which indeed could be made more progressive, is the fairest way to distribute the burden of these costs.

The only other alternative that has been proposed, and unfortunately embraced by the previous government, is the sale of public assets, paid for originally, of course, by Ontario's taxpayers. Surely the trouble this government has already encountered with the private owners of Highway 407 and the developers of the Oak Ridges moraine should show you how such measures work to the detriment of the people of Ontario.

The consequences of privatizing Hydro are another example of the folly of this approach. And it is hard to imagine that the government could be so short-sighted as to consider selling the Liquor Control Board of Ontario, which contributes substantially to provincial revenues.

What assets are left to sell in aid of the government's proposed balancing of the budget without raising taxes? Unfortunately, the government seems to consider that the construction and management of our public hospitals are for sale. Despite the changed terminology in the deals acceded to in Brampton and Ottawa, it seems clear that everything aside from direct medical services will remain in the hands of the consortia that construct these hospitals. This will include laboratory services, payroll and medical records, as well as dietary, laundry and cleaning services and the lease of undetermined parts of the premises to commercial enterprises.

Experience in England, New Zealand, the USA and other countries has given abundant proof that so-called public-private partnerships cost more and provide less care than publicly owned hospitals. The simple fact that the USA spends 15% of its gross domestic product on health care, as opposed to our 10%, and still has millions of its citizens uninsured is unmistakable proof that profitmaking corporations provide less care for more money.

The "managed competition" mandated for Ontario's community care access centres has already proved that community care too becomes more expensive in the hands of corporate enterprises. We know of instances in Ottawa and Hamilton particularly where the access centres have had to pay substantially more for services that they themselves and/or non-profit organizations could have delivered.

Federally and provincially, our health care system, including community care and public health services, has suffered from many years of the bottom-line mentality that I say is the antithesis of cost-effectiveness. When they take their eyes off the ledger, policy planners surely can see as well as anyone else that it is cheaper to keep people healthy than to let them get sick and then cure them in expensive acute care hospitals. Yet community care, including post-acute care that prevents relapses and readmissions, remains at between 5% and 7% of the health care budget, and support for public health services has been steadily eroded.

Supportive care to allow seniors to age in place is obviously cheaper than the cost of supporting them in

long-term-care facilities. Health Canada's national evaluation of the cost-effectiveness of home care, under the direction of Dr Marcus Hollander, provided empirical proof that over a period of years, seniors receiving supportive care made fewer visits to doctors' offices, fewer trips to emergency rooms, spent fewer days in acute care hospitals and made applications to long-term-care facilities at a later age.

Moreover, within the field of supportive home care, supportive housing is even more, and even more obviously, cost-effective. Yet among seniors' buildings eligible for the introduction of on-site, around-the-clock, every-day-of-the-week service, less than 10% have been funded for such purposes.

We hope the government will revisit the budget-balancing question and consider the long-term advantages of investing in supportive care for the elderly and in health promotion/disease prevention programs for everyone, which will postpone or avoid more costly health care interventions.

Thank you. I'll turn this over to Natalie.

Ms Natalie Mehra: Over the last couple of months, in response to some of the issues that have been raised publicly by Mr McGuinty, we have received literally hundreds of concerned phone calls from our membership. We have given you a written brief. I want to focus in on a few key issues. One is the false economy of delisting or uninsuring medically necessary services; the second is the high cost of turning over delivery of the health system to the private sector, especially those costs which are absolutely massive in the P3 projects that are being proposed; and finally, some places where we might find some possibilities of controlling costs in the health system.

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Quite simply, delisting of health services is, as Mr Romanow put it in his report, a false economy. Delisting medically necessary services simply transfers the burden of payment for services from a progressive tax system to out-of-pocket expenses by people when they are sick or least able to pay. Without going much further into it, we reject the notion of delisting services, premiums or reducing the universality of the drug benefit plans for that reason. It's not going to provide any greater savings for people; it's simply going to shift costs around.

In terms of the cost of the private health system, we think this government should be particularly concerned about the proposed P3 hospital deals. If you look at the only figures that have been released for the Brampton P3 hospital, the total value of the project is \$1.13 billion. That's \$417 million for capital costs and another \$600 million or more for the services privatization contract. For the Royal Ottawa Hospital, it's \$125 million for capital costs alone. So all told, for the first two P3 hospitals we're looking at the government getting into long-term contracts for about \$1.3 billion at least. That's for the first two; we've heard there are another seven in process. At an average cost of \$200 million to \$400 million per hospital, we're looking at a huge percentage

of the health budget being sucked into these projects. We think it warrants public debate, and we think it warrants a much closer look by the financial side of the government as well as the health side of the government.

The evidence from around the world is that P3s cost more. In fact, in New South Wales, Australia, the state auditor found they could have built their hospital two times over in the public system for what they eventually paid in the private system. In Britain, the association of chartered accountants has just conducted a survey of its membership, many of whom have been asked to look at the value-for-money audits of these facilities. The vast majority of those members believe that PFI hospitals, as they call them there, do not provide significant value for money. In fact, they point out that if you simply reduce the risk denominator by one point—and it's a very questionable denominator, based on a higher interest rate than is real—none of the projects show value for money at all. In addition, we see that the lifespan of the buildings is shorter than the usual 60 years—it's set at 45 vears—and that the accountants are having problems figuring out how to actually assess the value of these projects. We're extremely concerned about going further down this road.

I'd also like to talk a little bit about privatization in the home care system. We're hearing a lot about how government should steer but not row these days-this kind of ideology. The perfect example of that in practice is Ontario's home care system, in which each community care access centre contracts with private, for-profit and private, not-for-profit providers to provide home care services. In each town there are something like 10 different companies providing home care services. Each of those companies has its own administrative system, its own computer system, its own case managers. The CCACs then have their case managers to review the case management of the lower case managers. All the companies have to hire people to sort out how their communications systems communicate with each other, how they keep records with each other etc. It's a system rife with duplication, high administrative costs and unnecessary information technology and all that stuff. We estimate that you could save about \$250 million a year just by allowing the CCACs to hire staff directly and getting rid of the competitive bidding system in the home care sector.

We also believe that one of the biggest cost drivers in the health care sector is the rising cost of drugs, increased by a whopping 130% since 1995. We believe that attacking the universality of the health system, and therefore the socio-economic class support for it across all classes, is a dangerous way to go. We believe the province must work both publicly and with other provincial governments to control the costs of new drugs, to ask the federal government to impose meaningful controls over the cost of new drugs and to control the prices of drugs.

I think we'll leave some time for questions. Those are our major points.

The Chair: We have about two minutes per party, and we'll begin with the government.

Mr Mario G. Racco (Thornhill): You just said that we should keep the cost of medicine low. Yet one of the arguments that have been made in the past is that unless they can make money, they won't be able to invest in new medicines and so on in Canada. How can you balance that?

Ms Mehra: I'd like to see evidence of the research and development investment that was promised in the first place in order to get that extended patent protection. As far as I know, a lot of that has not fully come through. There are things that the pharmaceutical industry must have in Canada: the infrastructure of people to test drugs in order to get them passed here and so on. Basically, that's what's here. I think a closer look needs to be taken at those numbers. Is there really research and development at stake here?

Furthermore, the pricing of new drugs is beyond the means of both the provincial government and the people in this country. There are millions of Ontarians who can't afford their drugs. Meanwhile, the pharmaceutical companies are at the top of the Fortune 500 list. So the means to control the cost of drugs is absolutely necessary.

Mr Racco: One area of interest to me is additional hospitals in Ontario. What is your position? Should we put more money in hospitals, or should we use those dollars to provide additional services in existing hospitals?

Ms Mehra: We think there needs to be greater transparency about where the money is going in hospitals. What we can see is that after the deep cuts of the mid-1990s, the government has refunded hospitals to above the rate they were funded prior to the cuts. So we're not talking about exponential hospital funding increases; we're talking about a reinvestment after deep cuts. However, we've lost, as far as we can tell, about 5,900 beds from hospitals and a great number of staff. So the question is: Where is the money going in the hospital system? Can we improve democratic, community control? Can we ensure some transparency, some accountability about that money? People on the front lines in hospitals say they do see waste in hospitals, and they would like to be able to address that, but they are not free to complain. There's no protection for whistle-blowers in this system, etc. We actually need improved accountability about where the money is going in hospitals.

The Chair: We'll move to Mr Prue of the NDP.

Mr Prue: You talked about getting rid of competitive bidding and the high cost of home care. Could you, just for the record, say again how much it would save the Ontario government if we went back to the system that existed before it was tinkered with a few years ago?

Ms Meade: Actually, it's obvious on the surface that the more organizations involved, the more administrative costs there are going to be. We have the experience in Hamilton of the Visiting Homemakers Association having to shut down their operations because they weren't getting enough hours from the community care access centre to pay their overhead. As a result of that, the access centre had to make a contract with another

agency to cover these patients, and it's costing them more than it would have cost to give VHA what it asked for in the first place. The same thing happened in Ottawa. They found that before they were forced to divest themselves of professionals, they were able to provide professional therapies at home at a much lower rate than they had to pay after they'd been forced to de-hire—to fire—OTs, PTs, speech pathology people and all the other professional health providers that they used to have on staff.

The CCACs themselves have a very heavy administrative load just dealing with all these proposals, which one to take and which one not to take and the rest of it. They have a big part of their staff and their expenses dedicated to that process. The original home care program said, "We have so many hours, and this is what we'll pay for it if you want us to do it," and they only used not-for-profit providers when they ran out of VON, the Red Cross and Visiting Homemakers. That worked extremely well and was less costly than what we're doing now.

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Mr Prue: My second question goes to long-term care. We were all horrified, but I think we should not have been surprised, at what was on TV this past week, in a privatized system, with old people being beaten. I have seen the same thing on 60 Minutes on a couple of occasions in the United States in privatized services. What is your position on taking back into public hands our homes for the aged, where people can be treated with dignity and not have their things stolen and not be beaten in the middle of the night?

Ms Meade: Actually, when they took away from the homes for the aged and the non-profit homes the advantages they used to have—because they had community sources of funding. They wanted a level playing field for the for-profit providers, so they took away the red-circling and refused to increase the funding for the non-profits until the others caught up with them. That has not really served us well at all.

What's happening even at the non-profit homes now is that they are getting much more sick and incompetent patients and they do not have the staff to deal properly with the acuity of the patients they're dealing with. We've seen the figures comparing the profile of a resident in 2002 with a resident in 1992 and found that what has gone sky-high are incontinence, the inability to get in and out of bed, the inability to dress oneself, the inability to feed oneself—the very things that staff can help with but obviously are not there to do. These are the things that have skyrocketed. I think almost 80% of people in nursing homes are now incontinent. That doesn't mean they went in there incontinent; they went in there ringing bells that nobody answered, and after a while that becomes incontinence. That has gone up, and it's the same thing with getting out of bed and feeding yourself and all the rest. Without help, without supervision, these things deteriorate, and that's exactly what's happened in those 10 years.

The Chair: Thank you for your presentation this afternoon.

Mr Wilkinson: On a point of order, Chair: Due to the weather, I was just going to ask the official opposition if they could let us know how many motions they're going to be putting in later on this afternoon.

The Chair: That's not a point of order.

CITY OF TORONTO

The Chair: I call on the city of Toronto. You have 20 minutes for your presentation. You may allow time for questions within that 20 minutes if you desire. I would ask you to state your name for the purposes of Hansard.

Ms Olivia Chow: I'm city councillor Olivia Chow, and I'm the city of Toronto's children and youth advocate—also the chair of the community services committee.

To start off, thank you for allowing me this opportunity. I was talking to one of your colleagues about colours. My folder is blue and my jacket is red, and your tie is orange, so on that note, we shall start.

Interjection: It's actually yellow. **Ms Chow:** Is that what it is?

The Chair: Order.

Ms Chow: Sorry. Let's start. My apologies.

I thought I could start with describing to you some of the jobs of the city of Toronto as they connect with children and what we do. We have 825 licensed child care centres, we have home care agencies, we have 21,000 subsidized child care spaces and 34 family resource agencies serving 100,000 families. We have the parks and rec program—10,000 programs. That's huge. That serves 73,000 children aged zero to five and 204,000 aged six to 12 etc. Preschool speech and language programs: 5,000 kids. Public library: What do we have? We have three million children's items, 32 homework clubs, 39 leading-to-reading programs. We have community housing. We give children and youth sports programs, rec camps etc. Of course, we have a pilot project called First Duty, which I will talk a bit about later on, and the city contributes \$3 million.

Some of those things I described, whether it's library or parks and rec, are 100% city funding. Many of those we share with you. The child care is 80%-20%, supposedly; we'll go into that too. For public health: Healthy Babies, Healthy Children. What we noticed, though, is that under the previous government, the shortfall got bigger and bigger and bigger. For 2003, the children's services shortfall on child care is \$27 million, and the public health shortfall is \$1.7 million for Healthy Babies, Healthy Children. For the preschool speech and language program, it's \$417,000. Why? There's this thing called inflation.

I was here a year or two ago—some of you may remember—talking about inflation. Every year in the city of Toronto for the last few years, especially since amalgamation, we've said, "There's this thing called inflation. You have to acknowledge inflation. If not, we'll get further and further into the hole." That's what we are at right now.

So what do we do? Last year, just before the election, we were faced with cutting 500 kids' child care. We were able to tell city of Toronto councillors, colleagues, "Hold on there. Let's fund 100% of these 500 kids." Normally, we fund 20% and you fund 80%. We said to them, "You know, there might be an election. There will be a new start and things will probably change. Just for the next few months: leap of faith." We all used that term. "Let's have a leap of faith. Let's fund those 500 kids using 100% city dollars," because we don't want to cut any more kids. We already cut 1,760 kids' child care services in the last two years. It is the lowest number since 1992. Some of you may have been members of council in the past—one of you—and you will know the city of Toronto always maintained good child care services. We had to cut 1,760 kids two years ago. It's serious, absolutely serious.

I remember the discussion in July, August last year. We said, just before the summer break, "Hang on tight. Let's not cut the 500 kids." So we paid 100%. We'd never done that before at all in the last 10 years; we'd never done it. We said, "OK, we'll pay for these 500 kids because we don't want to tell them that they have to leave." We also said, "Why don't we pay the rent for these child care centres in schools?" because with this strange funding formula, child care centres are not part of the funding formula even though they are in schools. We said, "Let's pay the school board \$5.3 million." We said, "Even though a lot of those after-4 activities have been cut from schools, somebody has to pick it up." We pick it up 100%, after-school activities. You can't have kids, especially if they're under 12, stay home and be latchkey kids. We're not going to do that. So what did we do? We said, "OK, parks and rec, let's bail that out. Let's also have more recreation programs for kids," because some of them are being cut after school. We put in \$15 million, 100% city dollars, to deal with these kids.

1410

Now what do we have? We really welcome the announcement of the Minister of Children's Services. I participated in a press conference where she made an announcement that she will pass on the multilateral agreement from the federal government, which for the city of Toronto is \$2.2 million or thereabouts this year, for dealing with health and safety improvements. You've just heard how much money we're short. So in the meantime, we can fix the ceilings, make sure the tap doesn't leak and all that stuff. It doesn't deal with the number of kids we have to cut out of the program because of an inflationary increase. So tomorrow at the community services committee we'll have this big problem in front of us: We have a shortfall. What do we do? Are we going to cut these programs out so another 500 kids lose their child care? This is what we're in trouble with. That's why I'm here to say, please give us some indication of what you can do. I will begin to suggest what some of the things are that we can do.

The total budget shortfall in children's services is \$24.9 million, and the public health shortfall—just before the election period there was a cut, and as a result we will have fewer high-risk pregnant women being screened. How many? It's 1,500. These are high-risk pregnant moms. If we don't screen them, some of the babies born are going to be low birth weight. It's going to get into your hospital. Per baby it's \$300,000, for a preemie. It's going to be really expensive. Five thousand newborns and their mothers will be visited by public health nurses, 1,000 fewer high-risk families will be visited and families will wait six months for preschool speech and language screening—lots of good news.

OK, what do we do? Every year in the last three years you would have gotten from the federal government early childhood development initiative fund \$18.6 million. We need that fund forwarded to us. The former government had this thing called "anything but child care"; we called it ABC. We didn't get a penny of those dollars for child care. If you can just immediately flow that \$18.6 million of those federal dollars, it will deal with our budget shortfall

There are these early year centres out there, but we also have family resource centres, we have schools and we have child care centres. Let's integrate all of them into something called "consolidated municipal service managers" so that they're not up there doing their own thing. Let's bring it all together. That doesn't cost you any money. That's the first step in actually working together.

Other things that wouldn't cost you any money: Remove OSAP student loans as income for the purpose of user fee determination. Right now you have mothers who want to go and study. You want to encourage that. But the minute they have OSAP, they lose their child care fees and therefore they don't get subsidies and you get into a cycle of poverty. Recognize study and travel times so that they can actually study properly. This is all dealing with the child care subsidies formula. Give them time to search for jobs because it takes more time than it used to. It used to be a good system. It got changed. Let's look at reversing some of those. If not, the kids are going to go in and out of the arrangement and it's just not good for the kids. Also, a ceiling for families with specialneeds children needs to be looked at etc. At the end of the day, let's get back to the 80-20 relationship and we'll be totally happy and we'll continue our share.

In other areas, the school funding formula: Facing the budget right now—the city, of course, bailed out the pools for a while, and this year again, because of a shortfall in front of our recreation committee yesterday, we will be facing the cutting of pools in Toronto from 47 pools to 30 pools. We're dealing with 17 pools' closure because we don't have the money. We need to look at a funding formula that allows affordable community use of schools, whether it's pools or after-school activities—then, of course, the board of health situation.

I want to say also that we really want to work with the provincial government. We want to integrate services,

because we know only by co-operating and working together that we would be able to make the best services for kids. The mayor announced last month a new round table for children and youth in education. We would love to have you participate. We have sent invitations before, not recently but in the last few years. We said, "Let's work together." When there's a program, let's design it together because we are huge service providers. Let's work together. We have the infrastructure. Let's talk to each other. Let's find ways to co-operate. That is a very good forum that we could work together, and I'm sure the Minister of Children's Services may have other forums. We could participate in your forum also. So let's begin that co-operative style.

Also, we want to have equal service across the city, because you will see from our report card, which we will give out in a minute or two, that we need 10,000 additional subsidized child care spaces. If there is any desire to do that, if you want to expand on it—I heard the minister at the press conference saying that she wants to have more child care services; it's needed—if that is the case, then let's make sure we do it together so that the low service areas are the ones that get the programs.

Lastly, I just want to say that a bigger-picture situation I notice is that the committee wants to talk about dollars. From the city of Toronto's point of view—and then I'm going to get a bit out of the children's hat, because it all connects; the money connects—we of course need to look at the provincial subsidy for the TTC. It used to be that 75% of TTC dollars came from the province and 25% from the city. We're looking for \$120 million of subsidies. We're looking at an item that wouldn't cost you any money, which is Bill 140, lifting the cap on commercial-industrial property to allow us to have flexibility. Everybody else is allowed to do that, but not the city of Toronto. That would give us room to manoeuvre.

Lastly, in terms of inflation and all of those kinds of discussions, whether it includes children or shelter and housing, again we're paying a lot more than our 80% right now. On the shelter fund, for example, when we counsel homeless people to help them find jobs and help them with addiction problems or find housing, none of those dollars are included in your cap. Therefore, we're \$16 million short.

If nothing else, if you recognize those kinds of shortfalls and forgive that so-called loan that we got—because it was downloaded; it shouldn't be a loan, it should be given to us—it's \$20 million. In total, if you add the actual dollar amount that's needed from the province—it's \$140 million, bare minimum, never mind all the inflation part—and the cap removal would be \$53 million for the city if we put in a 3% tax increase, then we would be able to deal with our budget shortfall.

At the end of the day, we want to restore, improve and expand services for children and for a lot of the programs that we have. We can't hang on much longer. That's why we're here in front of you, asking you to support the city of Toronto and the kids and families of the city of Toronto.

The Chair: Thank you. We only have time for questions from one party. In this rotation, it will go to the NDP.

1420

Mr Prue: My goodness, after all this time I actually get to question you.

Bill 140: We've had two groups this afternoon that are begging and pleading with this government to leave Bill 140 in place. Both are business-oriented groups that are afraid their taxes will rise. What response does the city of Toronto have to that? I know you need the money. Do you have any alternative if this government doesn't give you two cents on the gas tax or make good on all the

shared-cost arrangements?

Ms Chow: If you want to give the city an extra \$60 million if you don't remove the cap-find money to assist us. Our shortfall is \$330 million. It's been fairly well documented. At the end of the day, from every dollar of property tax, at least 25 cents go to pay police costs. The police cost is like \$700 million right now. It's huge. Would the city of Toronto lay off police officers? Well, I don't think we want to. Are we going to have a fare increase? No, we don't really want to. Are we going to cut TTC service? Should we cut 200 or another 1.000 kids out of daycare? Our report card has documented very carefully and scientifically what the needs are out there. We need to enhance the services, not cut them. So the choice really is yours. If you want to give us the tools so we would be treated fairly-I mean, you don't do that to any other groups in Ontario, any other municipalities in Ontario. Why is it that the cap is only in Toronto? Because Toronto is not mature enough to deal with its taxes? Is that the question?

Mr O'Toole: It's not just Toronto.

Interjections.

Ms Chow: OK. Pardon me. Bill 140 is for everybody. In terms of the downloading, though, you know that the downloading is for all municipalities, but you have a huge partner in the city of Toronto. Whether it's the gas tax or what have you, if we don't get that amount, then we end up cutting services. That's not going to assist anyone.

The Chair: Thank you and thank you for your presentation this afternoon.

Mr O'Toole: On a point of order: Could I, with your indulgence, ask Ms Chow if she is considering running federally?

The Chair: No, you cannot.

TORONTO BOARD OF TRADE

The Chair: I would ask the Toronto Board of Trade to come forward. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourself for the purposes of Hansard.

Ms Elyse Allan: Good afternoon. My name is Elyse Allan. I am president and CEO of the Toronto Board of Trade. With me today is Cecil Bradley, the board's

director of policy. We appreciate the opportunity to present and discuss our priorities for the 2004 Ontario provincial budget.

For members new to the Legislative Assembly or new to the committee, it may be helpful to briefly answer the question: What is the Toronto Board of Trade? The Toronto Board of Trade is Canada's largest local chamber of commerce. We have over 9,000 members from a broad cross-section of Toronto's business community. The board is a non-profit membership association funded entirely by its operations. Our vision is to be the champion of a competitive and vibrant Toronto.

The Toronto Board of Trade believes that cities are the drivers of growth in our province and in our country. They are the centres of our population growth. They create opportunity and wealth. They generate tax revenues for senior governments.

The board has argued for several years now that cities, Toronto in particular, are at risk. Toronto's ability to continue contributing resources to the federal and the provincial government is being jeopardized by neglect and under-investment.

Given the board's concern, you can imagine how encouraging it was to read in "thriving urban communities," a key part of the Ontario Liberal Party's 2003 election campaign, that the party was committed to a number of things. It was committed to "help communities become more self-sustaining by giving them the means to invest in their own infrastructure and growth"; to "give two cents per litre of the existing provincial gasoline tax to municipalities for public transit." The document said it would "match federal support to create almost 20,000 new housing units for needy Ontario families." And it would "bring a region-wide approach to identifying and meeting GTA transit needs by creating the Greater Toronto Transportation Authority," which would "be given the clout and resources to tackle gridlock."

Commitments in that quote sounded to the board like the party got it and was resolved to take action. However, by the time the party became the government and the election platform became the throne speech, the ambitious commitments had become the modest promise to "introduce legislation to establish a Greater Toronto Transportation Authority." This is a good first step in tackling region-wide gridlock, but it is not enough. As you know by now, we have had enough of not enough. The Ontario government must move past the rhetorical assurances on urban issues and take action where it is most needed to ensure our cities thrive.

The Toronto board has several messages it would like to leave with the committee today.

First, the city of Toronto cannot deliver the services that are demanded of it with property taxes as the main source of revenue. That's why we've been calling for a new deal for cities for several years. That's why we've launched the Enough of Not Enough campaign.

Toronto's mix of revenue and costs is simply not sustainable. The city must be given access to new sources of revenue; it must be relieved of some of its responsibilities or some combination of the two approaches must be found that would allow the city to meet its obligations as well as make the investments necessary for city building.

Second, allowing Toronto to increase non-residential property taxes will not fix the revenue problem; it will aggravate it. The board of trade strongly recommends that the provincial government maintain the hard cap on non-residential property taxes. High property taxes are a threat to Toronto's competitiveness in terms of business investment and job creation. Toronto businesses' property taxes are at least double the property tax paid in the 905 municipalities of the GTA. This interjurisdictional tax inequity has resulted in significant business relocation, employment decline and a stagnant assessment in the downtown core.

The hard cap protects non-residential property classes in Toronto from unfair tax increases and has helped prevent what is a bad situation from becoming worse. However, it is not a sustainable long-term policy. The tax clawbacks used to finance the cap perpetuate inequity and further compromises the sustainability of the system.

We urge the government to establish a property tax review panel to assess the current situation, to consider the recommendations contained in the Beaubien report and to develop a strategy to create a more sustainable and equitable property tax system. The board would look forward to being a very active participant in such an initiative.

Third, the provincial government promised to give cities additional revenue and should start in the 2004 budget to deliver on that promise.

The federal government, recognizing that the financial dilemma of cities is real and immediate, has granted a full GST rebate to municipalities. That measure alone won't solve the problem but it is a significant first step. Cities can't afford to wait until the slow dance of federal-provincial negotiations is finished. They need revenue relief now.

The board of trade recommends that the province take a similar first step by providing an immediate PST exemption for municipalities. This would provide significant financial relief to municipalities and be tangible evidence of good faith.

1430

Fourth, this 2004 budget should begin the renegotiation of the province's fiscal arrangement with cities by establishing a process that will seek long-term, sustainable and predictable funding for cities that would provide them with new sources of revenue.

We were disappointed by the backing-off on the commitment to give two cents per litre of the existing provincial gasoline tax to municipalities to help finance public transit. Sharing the gasoline tax with Toronto could have been a key element of the new public finance model that has been consistently recommended by the board. But a portion of the gasoline tax is just one revenue source among many that could be considered as part of a broader package of sustainable financing initiatives.

I think it's important to say we're not asking for nostrings-attached revenue relief. Toronto's access to additional revenue must be accompanied by changes that improve accountability in city asset and program management. It must be clear to residents and taxpayers that any additional revenue capabilities will be backed by a structure that provides transparency, delivers good decision-making and strives to attain the highest quality of services.

Fifth, the revenue problem at both levels of government will only be relieved if the infrastructure of Toronto is improved through investment. To address the most pressing needs, the board is proposing that the governments of Canada, Ontario and Toronto enter into a capital funding agreement committing the three governments to investing \$3.88 billion over a period of five years, targeting specifically the Toronto Transit Commission, city-owned housing and the waterfront redevelopment.

On the TTC, the board requests that the provincial government provide \$130 million in each of the next five years to the TTC to support its state-of-good-repair capital program, which involves subway and surface track replacement, rehabilitating the transit fleet and additional vehicles.

On affordable housing, we request that the province provide, at a minimum, \$65 million, again over the next five years, to support specifically the rehabilitation of city-owned housing stock, to ensure 45,000 existing units remain as habitable stock.

On waterfront revitalization, the board requests that the province commit the remaining funds needed to implement the vision. This is a commitment you have already made. We support the allocation of the funding responsibility based on the anticipated return.

Our city can contribute a high return, and grow that return, if the government makes necessary investments in our infrastructure immediately. We recommend senior governments flow dedicated funds specifically to the city for five years as a transitional investment to stem further infrastructure erosion.

The Ontario government is the most influential player in determining the future of our cities. It is the most influential player in determining Toronto's future and helping to build the Toronto of tomorrow. The province must embrace its responsibility and deliver with its 2004 budget a process and a strategy to move cities from fiscal dependency to fiscal autonomy. Thank you for your time.

The Chair: Thank you. We have about three minutes per party, and we begin this rotation with the government.

Mr Colle: I guess the dilemma we have is that if we follow through with all the commitments you've called for, how do you suppose we pay for it since we already have a deficit of about \$6 billion? We pay \$10 billion a year in interest payments on a provincial debt that is now \$140 billion. I know you're very responsible people. How does the board of trade suggest we finance it? Do we raise taxes, do we increase the deficit, or do we cut other services to help the city's legitimate needs?

Ms Allan: With all due respect, I will never have the information that you have in terms of how to manage the government's budget. I can only say that these were the commitments that you brought forward-not my commitments—with respect to your platform when you were elected. How you manage to achieve those-I can only let you know that among the many priorities that I'm sure are coming forward to you during these deliberations, one that we are bringing forward on behalf of our 9.000 members in the business community is that if we want to remain a competitive province and continue to have a healthy business economy, contributing the \$1.5 billion net that it contributes annually, we need to have our infrastructure addressed. It is now rated in our CEO surveys as equal to taxes as the number one competitive disadvantage in locating in the Toronto region.

Mr Colle: With all the information we have before us, let's say we make a decision to increase the deficit to help the city of Toronto become competitive, will the

board of trade support us in that decision?

Ms Allan: I'm saying that what decisions and tradeoffs you make, you will make. You know that the board
has called consistently, year over year, for the government to manage the deficit, because you only pay more
when you increase the deficit and the debt, and to be
fiscally responsible. You will note that we did not come
out screaming loudly when you made your decisions with
respect to taxes, and despite your tax platform you were
still elected. So clearly you are seeing some response
from the community that there is a willingness to provide
some balance with respect to the funding obligations you
came forward with in your election platform. On the
other hand, you know that you have \$1.4 billion net that
we contribute. We're asking for \$200 million this year.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you for your very thoughtful presentation, and congratulations also on "Enough Is Not Enough." That's a good theme and it really drives me to where I'm coming from here, looking at the clippings today. The first headline here is, "Grits to Raise Taxes, Cut Services, Critics Warn." In fact, the endorsement here, the revealing of this hidden agenda of the Liberals is made, surprisingly, by "MPP Marilyn Churley: "In the campaign [they promised] the stars, the sun, the moon and almost a pony for every child." It's about promises being broken, is what she went on to say. I think she has it right.

In fact, I would say Hugh Mackenzie, in his presentation to this committee, is required reading. He has unmasked the complete sham of the election promises. It's surprisingly well done from the perspective of an ardent socialist, but nonetheless, he is right on. They have no intention of keeping their promises until about year three or year four.

I'm just going to dwell on one small commitment. Of the 230-plus commitments, I was devastated, having a background in municipal politics, about the two cents a litre they promised. It was so obvious. Do you think they're actually going to do that? Not just the gas tax; are they going to keep any of the promises, do you think? I'm not setting you up here, but—

Ms Allan: I would simply comment first that we applaud the Liberal government for having come forward with such a thoughtful urban platform and a very strong cities agenda.

Mr O'Toole: A share of the gas tax has been talked about for 10 years.

Ms Allan: If I may answer the question, we certainly applaud the fact that there was such a thoughtful urban platform that was put forward at the election campaign. We do appreciate the challenges the government faces with respect to the many pressing priorities. We simply want them to appreciate that we do have many citizens who are saying that the needs of cities will in fact help contribute to achieving many of their other objectives. If we have healthy cities, we will have healthy businesses, which contribute a lot to the revenue pool, which helps our other problems and pays for our other programs.

Mr O'Toole: Just one small thing—and I'm very impressed. You've mentioned Bill 140 and the mechanism on assessment and capping—very critical. Your group, even when we were the government, worked very hard at trying to find the balance, up and down, of the shifts in the tax load. You are clear in your presentation that they should not remove the hard cap. We've heard from the hospitality industry as well that it's a devastating issue. For the committee and specifically for Mr Colle, who is the PA for finance, is your message clear to keep the business sector—you want to shift the tax load to the residential. That's what you really want to do, ultimately. Any uplifting in the load has to go to the residential side, isn't that what you're saying there?

Ms Allan: What we're saying is that right now the property taxes for the commercial and industrial sector are second to New York City in North America. So in terms of us being an attractive place for investment of capital, we are losing ground on that. Right now the ratio is completely out of balance—

Mr O'Toole: Six times, yes.

Ms Allan: —between business and residential. While we want to maintain a strong, living community in the city—that's critical—we also need to therefore put pressure on the city to manage their expenses.

Mr O'Toole: Did you hear Olivia Chow's presentation today?

Ms Allan: Yes, I caught just the end of it.

Mr O'Toole: You missed a show.

The Chair: Your time has expired, Mr O'Toole. Now we'll go to the NDP.

Mr Prue: I'd like to first of all commend you for your campaign. I think it's quite brilliant. I hear it on the radio, I see it on television, and I think the people of Toronto are starting to understand that this golden goose here, this egg, cannot be sustained.

First of all, I have to tell you that the hard capping I think is a sign of desperation from the city of Toronto. They are reaching out to that in the event that they do not

get the two cents of the gas tax, that they do not get the PST, that they do not get the cost-sharing agreements. They don't know where else to turn. So I think, to be fair to them, that's their last choice too. But in any event, you have recommended these two things that can be done, the PST and the two cents on the gas tax, and we welcome that.

I have to go back to a question similar to what Member Colle asked. This government made a lot of commitments, 231 according to the best estimates; 230 of them involved the expenditure of money and one involved the promise of not raising taxes. I have to ask you, if the only way that they can commit to the gas tax, if the only way they can commit to the refunding of money to the PST, would you, as a business community, accept the increase in taxes? We've heard from ordinary citizens that they're willing to do it. We've heard it from social groups; we've heard it from teachers. Would you, as a business group, make the same commitment?

Ms Allan: The comments the board has always made is that our taxes need to be competitive. We need to understand whom we're competing with along the Great Lakes and primarily in other major cities. So if we understand that we're in the ballpark and we're competitive—no one has ever said we need to be number one. The tax that has more impact than anything on business right now is the capital tax because it is such an outlying tax and such an expensive tax. It affects small business, even though many people think it doesn't, and it also affects our mid-sized businesses and businesses trying to grow. It is a profit-sensitive tax. It is not a good tax. So if there is any tax that people are very sensitive to, it is the capital tax.

The board has recommended in fact a very specific increase in tax, which the government has not yet moved forward on. We have called for a destination marketing fee. We have asked the government to please put that in so that we could provide specific revenues to the tourism and hospitality sector to offset some of the costs the city bears in trying to market our city. So here is a specific case where we've said there's a good way to institute a tax or a marketing fee. We know exactly where it can go. We know how it can be managed. So I think the business community recognizes the problems and is trying to be reasonable in the solutions and is willing to work with you to do that.

The Chair: Thank you for your presentation this afternoon.

Mr O'Toole: On a point of order, Mr Chair, a clarification: You said that capital tax was profit-sensitive. It's actually profit-insensitive.

Ms Allan: Insensitive. Sorry. Thank you very much.

The Chair: That's not a point of order.

CAMPAIGN 2000

The Chair: I call on Campaign 2000 to please come forward.

Mr Pedro Barata: Thank you very much, Mr Chair, and thank you to the committee for giving us the time to hear our message today. My name is Pedro Barata. I am the chair of the Ontario Campaign 2000 network. To my left is Colin Hughes, a community worker with the children's aid society and one of the original founders of Campaign 2000. To my right is Gerald Vandezande, a steering committee member of the Campaign Against Child Poverty and a mainstay at Queen's Park.

Campaign 2000 is a national public education movement of more than 90 organizations dedicated to the implementation of the 1989 House of Commons resolution to eliminate child poverty. In Ontario, Campaign 2000 engages in research and public education regarding child and family poverty in conjunction with more than 40 partners that represent professional groups and organizations, faith communities, labour unions, ethno-cultural groups, individuals and a wide range of community organizations.

Colin is going to start us off on our presentation.

Mr Colin Hughes: I'll go back to May 1997, with the Liberal response to the budget in a publication called The Human Deficit: The Real Cost of the Mike Harris Budget. This is a quote from Dalton McGuinty, who was the Liberal leader at that time: "Do the people of Ontario really have a good reason to celebrate a provincial budget that awards a \$5-billion tax cut? ... I know how I would choose. I would choose people over tax cuts." This is really a central theme in our presentation. We're calling it "Tackling the Human Deficit: Investing in Children and Families in Ontario."

We believe it is time to learn from the lessons of the past. The legacy of across-the-board tax cuts has left us with a persistent fiscal and human deficit in Ontario. Relying on economic growth alone to address family income security will not be enough to pull us out of this deficit. A different course is needed. Now is the time, as Premier McGuinty once said, to "choose people over tax cuts."

Choosing people over tax cuts will require doing more than ending further tax cuts. The development of public policies and services that invest in people must proceed with rebuilding the province's fiscal capacity. Tax cuts have manufactured a crisis in public revenue. The cost of tax cuts is staggering: a \$14-billion loss in annual provincial revenue, a current budgetary deficit of some \$5.6 billion, public services in disarray, and public policy paralysis.

For many years now, Campaign 2000 has pointed out that general tax cuts are not an effective anti-poverty strategy because they often deliver little or no benefit to low-income families, tend to benefit upper-income families disproportionately, and deplete public revenues available for other types of social investment. And social investments, not economic growth alone, are really what are needed to tackle the human deficit. Relying on economic growth alone has only taken us so far. As our brief shows, child poverty persists despite strong economic growth. There is not a trade-off between economic

growth and social investments. Indeed, social investments that extend the ladders of opportunity to all children are a key to their future success as adults and to the future success of our economy.

Public policy must play an active role in ensuring that all our citizens are included and share in our collective prosperity. It is clear that the people of Ontario understand this. In pre-election polling, about 80% of Ontarians indicated that action on child poverty should be a priority for the Ontario government over the next five years. They have voted for a package of measures that would restore public services and advance policies in areas that are key to addressing child and family poverty. These include employment-oriented policies, early childhood education and care, education, housing, child benefits and improvements to social assistance. Campaign 2000 has long urged a comprehensive approach in these areas to tackle child poverty. We urge that the province take the necessary steps to ensure that the fiscal capacity of the province, so badly depleted through previous tax cuts, is restored to meet these commitments.

Mr Barata: As you will gather from our brief, which includes some detailed statistics and trends of child poverty over the past 20 years, the end result, even through economic prosperity, is that more than 350,000 children remain in poverty in Canada's richest province. Ontarians have said loud and clear that action on child poverty should be a priority. Investments in children cannot wait for brighter days, especially when inequality in Ontario continues to grow amid prosperous times. We have heard much about Ontario's fiscal deficit, but the social deficit affecting too many of our families is something that we hear very little about. We have a responsibility to step up and pay for what is needed, and this has to be part of Ontario's debate.

Campaign 2000 is calling for recommendations in five key areas.

Around the minimum wage, we certainly applaud the recent increases announced by the government, but we see that Ontario should set a higher target than \$8 an hour, it should aim to reach it much sooner, and it should consider indexing it to inflation. The province should also move quickly on commitments to develop labour market policies that invest in people and enable them to achieve their full potential.

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On social assistance supports, we see that the government should implement its election commitments to provide families on social assistance with quality skills training, child care and housing to help parents find sustaining employment and climb out of poverty permanently. We urge that the government reorient the system of social assistance to facilitate opportunity planning. This includes access to post-secondary education as a welfare-to-work training option.

On adequacy, in addition to implementing your commitment to adjust social assistance to inflation, the shelter allowance portion of both Ontario Works and the Ontario disability support program is clearly inadequate to meet average rent needs across Ontario, and action must be taken on that front.

On the clawback of the national child benefit, the province should address anti-poverty and equity policy goals by rescinding this clawback, as it has promised to do. It should also ensure that community programs funded through welfare savings are not compromised.

On quality child care, we see the first step for the Ontario government as restoring the cuts since the previous government was in power, which are estimated at about \$160 million. It should, in addition, review how federal early childhood development initiative funds are spent in Ontario, with a view to developing a comprehensive system that is linked to schools. Ontario should also work with the federal government to substantially enhance investments under the multilateral framework on early learning and child care.

Finally, on housing, while the commitments on affordable housing fall short of what is needed, they represent a first step toward re-establishing a provincial presence in this critical area. Given the urgency of the crisis, the province should move quickly on its commitments to match federal housing funds and reinstate rent controls.

I will give Gerald the last word.

Mr Gerald Vandezande: I just want to remind the committee that on September 15, the Campaign Against Child Poverty ran a full-page public message in the Toronto Star entitled "Prayer Alone Will Not End Child Poverty." That ad was signed by 60 faith leaders across the spectrum and across Ontario. In direct response to that public message, Mr McGuinty then wrote the following to us, and I want to put it on the record: Poverty, and especially child poverty, "is an issue which we take very seriously. Taking concrete measures to eradicate it will remain a top priority for us, whether we are the official opposition or the government." That was in a letter to the Campaign Against Child Poverty by Mr McGuinty on July 31.

In support of Mr McGuinty's position, we want to remind you that the Campaign Against Child Poverty supports the growing calls to expand the government's revenue-raising capacity in order to provide the public services Ontario needs. We maintain that there is no reason to delay social investments in our families and children. Investment in children and a strong social infrastructure represent wise, prudent expenditures with long-term benefits and payback to our society. That's why we appreciate, until this day, what Mr McGuinty committed the Liberal Party to on July 31.

The Chair: Thank you. We have about three minutes per party. We'll begin this rotation with the official opposition.

Mr O'Toole: Thank you very much, Pedro and Gerald. It's good to see you again. I appreciate and respect your advocacy over the years. It's an important voice. I say that in all sincerity. Hold everyone's feet to the fire when they say things in public and then fail to keep the promises. That's obfuscation, and that's not

acceptable in society. We're trying to teach children values. They say one thing and then—it really is quite embarrassing for people who serve, under difficult circumstances. There's no perfect answer. You've been looking at this for a number of years.

Mandatory reading—I've referred to this—is the Canadian Centre for Policy Alternatives' budget policy document presented by Hugh Mackenzie. With your indulgence, he explained very clearly that there was \$6 billion in promises, clarifying that he knew nothing about the deficit, while Gerald Phillips and Monte Kwinter and anyone who was paying attention—maybe he wasn't paying attention. I understand that. Then he went out on election night and said he had to have an audit because he was shocked and awed at this problem. I think that's pure deception—pretty strong language—to say one thing and do another. What's it saying to the real, serious issues when he has written a letter to you in July?

My question to you is, of all the promises he made that would most improve the lives of those less fortunate, which would you require that they come up with in the budget that will be expected for 2004? What single action could they take, whether it's for disability support, housing, shelter allowance, whatever? This is the government now; they are the government. They can take directly to the minister—probably most of these presentations, unfortunately, just go in a cardboard box—

Mr Colle: They do not. Yours used to.

Mr O'Toole: I've seen it.

The Chair: Order.

Mr Hughes: I think I have a very quick answer. A theme that runs through our presentation is that the province has to restore its fiscal capacity and its revenue base in order to proceed with all these commitments, because we call for, and the public has voted for, a comprehensive set of policies here. I believe a very strong point made in Mr Mackenzie's paper is that rebuilding the fiscal capacity of the province is absolutely urgent.

Mr O'Toole: I would ask for a copy of Dalton McGuinty's letter dated July 31. I'd like to use that in the House the odd time; I'd like to cite it to him.

Mr Colle: Don't be so petty.

Mr O'Toole: It's an extremely thorough, thoughtful letter. He just didn't mean it.

Mr Vandezande: Just one comment, Mr O'Toole: I don't accuse anyone of deception until the proof is clear and evident. We are waiting for the budget. The budget, hopefully, will translate the politics of hope into concrete deeds of justice for families and children. Our call here is not to accuse people of deception but to appeal to the conscience of people that they do the basic things in keeping with their core values that they promised the Ontario people they would do.

We appeal also to the opposition to be as supportive as they possibly can be of the demands we made in that message, which was also addressed to you, now as an opposition party, and that you urge, together with the other members of this committee, Mr McGuinty and Mr Phillips and others to do what they said they would do.

We ought to hold each other to promises, but I don't want to accuse people of deception until they're proven guilty.

The Chair: We'll move to the NDP.

Mr Prue: Thank you very much. I think those latter words, to wait until the budget, were very sage words. We're all going to have to do that, even though—

Mr Vandezande: They're not safe words. They are an

appeal-

Mr Prue: Sage words.

Mr Vandezande: Oh, sage. Sorry.

Mr Prue: I didn't say they were safe words; they're sage words—even though you read the paper and you get very nervous at some of these pronouncements. But I'm going to leave it at that.

I'm going to put a question to you. You're here on behalf of children, and I think justifiably so. I put it to you that there are three ways we can help the children in this province most in the upcoming budget. The first is that the government immediately, as they promised when they were in opposition, remove the clawback so that all the children of welfare families get the money that's coming from the federal government. The second is that they immediately go ahead and build the 20,000 units of affordable housing and the 6,600 units of assisted housing for those who have mental disabilities. The last is that they put money into the schools, so that the kids have an opportunity to learn and get themselves out of the cycle of poverty.

Do you agree with those, or do you have others that you think this government should be keying on a little more?

Mr Barata: Those are certainly three very good steps. We also see quality child care as a central component to an anti-poverty strategy.

We see many parents struggling in the labour market, and the minimum wage is certainly not keeping up with living standards. We don't think the current schedule for increasing the minimum wage is moving nearly fast enough.

At the same time, the policy package that can address poverty is really in danger under the current fiscal discourse. Any time you present options that speak about looking at how we can do services better and how we can shuffle the deck, our fear is that social assistance, affordable housing and quality child care programs will be left out.

We really want to send a strong message on behalf of our coalition that part of the debate this government is having with Ontarians cannot negate tax increases as a very important component of how we will pay for an anti-poverty strategy. We want to make sure that's integral to the discussion that goes forth.

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The Chair: We'll move to the government.

Mr Colle: It's interesting that Hugh Mackenzie is now the designated chief economist of the Conservative Party of Ontario. I guess all their economists have been so discredited that they now have to rely on the famous Hugh Mackenzie. I guess the other thing, in terms of the deficit—we talk about deception. We had the former finance minister repeat about 15 times in the Legislature that there was no deficit. Where repeatedly there was no deficit and the former government was spending like drunken sailors, you can see that we've come to a point where we recognize we have a huge deficit. That's reality, and I appreciate the fact that you appreciate that.

I want to let you know that as we travelled across this province, one of the most predominant messages we got from presenters was to increase taxes to pay for needed services. That has not been unheard by us, and we appreciate your saying that. We also appreciate the fact that, unlike some other presenters, you're telling us how we're going to pay for these things. All these proposals on child poverty, child care etc are obviously essential.

The critical thing I'm going to ask you is, how can we get the public at large to accept the fact that we're in a new paradigm economically? It's not the old neo-con stuff that's now thrown out with the dirty wash. How do we get people to understand it's a new paradigm in Ontario? The neo-con tax cut stuff obviously is a total failure; we have to find a new economic-social paradigm. How do we get people to understand that?

Mr Vandezande: If you want to get people onside, the first thing that needs to happen is that we are brutally honest with ourselves, with our own government, with the opposition parties, with the public, through the media, and that we do that in an attempt to promote integral human well-being and spell out what that really means and don't simply focus on the fiscal deficit or an environmental deficit, but an integral deficit that promotes human well-being. In that context, it is very important to talk about fiscal integrity and fiscal sanity. So I plead with you that when you, as a committee, go public with your report, that it is an appeal to the conscience of the government, the other parties in the House and the public: This is the challenge we face; this is what we want to do for vulnerable families and voiceless children: this is the moral commitment we made during the campaign. If that means raising the revenue capacity of the government, go for it. You've got morality on your side; you have conscience on your side. You'll have people on your side. But you must speak with courage, with conviction and out of a deep commitment to the well-being of people. Then people will respond. But if you fool them and don't deliver and don't come through for those who are suffering in the streets of our cities, then you'll lose credibility and you're going to lose power.

The Chair: Thank you.

Interjections.

The Chair: Order, please.

Gentlemen, if there are documents you wish to leave with the committee, I would ask you to provide them to the clerk; then all members will have copies of those.

Mr Vandezande: We'll make sure you get the letter from Mr McGuinty dated July 30. I'd put it on the cover of your report.

The Chair: Thank you for your presentation.

TORONTO DISTRICT SCHOOL BOARD

The Chair: I call on the Toronto District School Board. You have 20 minutes for your presentation.

Interjection.

The Chair: I'm addressing the deputants, Mr O'Toole. Order, please.

You may allow questions within that 20 minutes, if you so desire. I'd ask you to state your names for the purposes of Hansard.

Ms Sheila Ward: I am Sheila Ward. I am the chair of the Toronto District School Board. I am accompanied here this afternoon by our associate director, Gerry Connelly, and our executive superintendent of business services, Don Higgins.

On behalf of the Toronto District School Board, I want to thank you for the opportunity to appear before you this afternoon. Province-wide pre-budget consultations make a refreshing change to policy-making in this province, and it will be even more refreshing if the views you hear are actually reflected in the budget when it is delivered to the Legislature.

I will leave the details of our submission to staff but I do want to make a few points before turning it over to them.

First, and probably most important from the TDSB perspective, is that since amalgamation the province has taken about \$380 million away from the education property taxes paid each year by Toronto residents. That means that over the past eight years, \$3.4 billion has been diverted from Toronto schools to uses other than education.

What that has meant for the TDSB is that in our 580 schools, our students have lost 93 vice-principals; our students have lost 770 classroom teachers; our students have lost 160 education staff who reached out to at-risk students and new immigrants to Canada; and there are now 120 fewer school secretaries, 1,100 fewer department heads in our high schools, 464 fewer program staff and coordinators and 580 fewer caretakers.

There is no part of the TDSB that has not been seriously weakened by the devastation wreaked on the children of this city by your predecessors. No system can withstand this kind of attack without serious implications, and we are no exception.

Today, 25% to 40% of our economically disadvantaged students are falling through the cracks. Closed technical education shops and classrooms, no counsellors and too few teachers mean kids are dropping out and ending up on the streets or in the criminal justice system. Schools that are shut at night and on weekends are stark reminders in every community of the price our children are paying. What kind of fool would keep billions of dollars in shoe boxes instead of investing them? What kinds of fools let billions of dollars' worth of precious community assets sit idle while problems that could be avoided fester and grow?

This government has an opportunity to demonstrate to the people of Ontario that it will be the government that recognizes the folly of shortchanging education in an age when knowledge is and will continue to be the source of all economic and social well-being.

I want to acknowledge the pressures that exist on this government in terms of the debt that you have inherited. Perhaps nowhere else will you find a more sympathetic or clearer understanding of your predicament than in the schools of Ontario. We have had eight years of wrestling with inadequate funding.

I want to say to you today that replacing revenue is obviously critical to meeting the future needs of health and education and transportation and the infrastructure of the province.

I am as aware as any citizen that this government promised not to increase taxes. Keeping promises is always important, but sometimes we have to accept that circumstances alter cases. I believe the one promise this government ought to break is that one. Do what is right and begin to replace the money that was so recklessly thrown away by the former government.

I recall vividly when the \$200 was handed out a couple of years ago. The media was full of tales of people who said they didn't want it, that they would rather see their health care and schools and buses and services maintained than get that meaningless money; because in the hands of individuals, it was meaningless. It could not and did not replace what we lost. Many people were so upset, they donated the money to a worthy cause.

Most citizens in this province would be unable to say what they spent it on. It was such a small sum individually, but it took \$1.6 billion out of the provincial bank account. That money, used intelligently, could be so beneficial to all of us.

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None of us likes paying taxes. Of course we'd all like to avoid taxes, until we are sick or until our kids sit in cold schools with too few textbooks and too few teachers or until we look at crumbling infrastructure that surrounds us or we think of the safety of the water we drink and the air we breathe. Then \$200 seems like the biggest bargain of the century, and it is.

Keeping a promise and doing damage to that which is most important to us is unwise and wrong. I have regular and widespread contact with my constituents and I can tell you I am hearing that they want you to provide good services rather than keeping your promise not to raise taxes. On their behalf and on behalf of every child in this province, I urge you to break the promise and fix what is broken.

I thank you for your time, and I am pleased to have Don Higgins, our director of finance, continue with our presentation.

Mr Don Higgins: The Toronto District School Board, as the chair indicated, appreciates the opportunity to participate in the annual pre-budget consultation. The TDSB has over 262,000 day students and we serve over 40,000 adults in a variety of continuing education courses, including English or French as a second language, credit for diploma and general interest programs.

Our annual expenditure for 2003-04 was \$2.2 billion. As referenced in the remarks of the chair today, there have been substantial expenditure and program changes made by the board since 1998. In spite of these reductions and significant grant changes, the board is still facing significant cost pressures as we begin to plan our 2004-05 fiscal year. This is also true of many school boards across Ontario. Appendix 1 summarizes the cost pressures, and I will refer to them in this brief as we proceed.

One of our challenges now and over the next several years is declining enrolment. This is a fact for most school boards as well. Since 2001-02, and including our 2004-05 projection, our enrolment decline will reach about 19,000 students, or about 7% of the population of the schools. This decline is expected to continue over the next several years.

In the background, I touch on what improvements have been made in the funding of education over the last two years and I acknowledge here that it has been substantial. It is broken basically into two parts. One part deals with funds amounting to about \$480 million which were provided in the sense of general funding improvement—that is, not an envelope to be spent by the board in a specific manner. The balance of it, being about \$1.2 billion, was in fact provided to school boards to cover specific cost pressures that boards would have to incur. Grants come in and expenditures go out, so that amount of money was spent really to meet the obligations and cost pressures of boards.

Our share of these grants totalled about \$160 million over the last two years, of which about \$82.9 million was directed to the funding gap, as we refer to it, which is the shortfall between our expenditures and what the province recognizes. While acknowledging the grant changes made, there still remains significant erosion that has arisen since 1998 in several areas of school board operations. In November 2003, the Ontario Public School Boards' Association provided the Ministry of Education with a written brief on education finance. With permission, we appended a copy of that material to the presentation which is in your package today for the information of the standing committee.

The TDSB is very aware that the government is facing demands from every sector regarding funding priorities. We can relate to the challenges of balancing the annual budget. It is hoped that your need to balance your budget, however, will not weigh heavily against education, and the future of Ontario's children in particular. As referenced in the throne speech, "Your new government's first and most important priority will always be excellence in public education."

There are key elements of education funding that need to be addressed in 2004-05 and beyond, and I cover that under four topics in the notes that follow, one dealing with benchmarks, the cost pressures we all will face in 2004-05, renewing the learning environment and negotiations.

We believe that the benchmarks are the single most important component of the funding model. Dr Rozanski in his report indicated that, and the quote is there, effectively saying that the funding model is critically supported by the benchmarks. If the benchmarks are not maintained on a current basis and up to date, then the funding model fails to provide the adequate level of funding and the effective tool for education. Dr Rozanski recommended that "The Ministry of Education ... develop mechanisms for annually reviewing and updating benchmarks in the funding formula and for conducting a more comprehensive overall review of the formula every five years."

Fundamental to school boards' ability to reinvest in teachers and support staff is the implementation of the recommendations regarding benchmarks in the EETF report. The TDSB, as the chair has indicated, has eliminated about 770 teachers due to the funding of the average salary and benefits being below what our actual costs are. The cost pressure in 2004-05 could result in the elimination of a further 225 teaching positions in our schools. If this happens, we will only be able to staff our secondary libraries on alternative days and our guidance teachers in the secondary schools will be drastically reduced. Other areas of support staff have also been reduced to compensate for funding shortfalls, and the cost pressures and inadequacy of updating these benchmarks will continue that threat to programs and services.

The Rozanski-recommended changes in the benchmarks amounted to \$1.1 billion, and that reflected changes up to and including 2002-03. I have estimated that the Ministry of Education up to now has implemented only \$100 million of that \$1.1-billion need to adjust. We recognize, again, that the government is under fiscal constraint imperatives due to their projected deficit. However, additional teachers, support staff and building maintenance are critical needs for our board and for many of the boards in the province.

The TDSB's estimated funding increase, based on the benchmark changes recommended, would amount to approximately \$134 million, of which only \$13 million has been implemented to date. The adjustment for teachers' salaries and benefits alone would contribute \$55 million to the TDSB and reinstate over 800 teachers to offset those lost due to funding shortfall.

Another significant change is in the school operations area, where the funding shortfall has grown primarily due to increased utility costs since 1997. There has been no adjustment since that time for the ever-rising costs of natural gas and electricity. The amount of the change, from the Rozanski recommendations, would amount to \$25 million a year, and that would go a long way in repairing our deteriorating school conditions.

We recommend that the benchmark changes recommended be implemented over the next two years. The areas of critical importance include classroom teachers, school operations and maintenance and employee benefits, and further, that the mechanism to update and maintain the benchmarks on a current basis be established.

Cost pressures is the second area which impacts 2004-05. Appendix 1 to my presentation outlines a

summary of those cost pressures, which I don't have time to go into in detail but they are outlined for you there. The column headed "Toronto District School Board" shows that we have cost pressures before we even start getting into 2004-05 of some \$48 million. Couple that with the need for the school board to reinvest in new programs and services to address the ever-changing and demanding needs of our students. We plan to put another \$20 million in, if we can. That would give a forecasted shortfall of \$68 million.

When you look at the provincial estimates column—and it is an estimate—it would appear that other school boards are in the same predicament that we are on a province-wide basis. So the tally of the cost pressures province-wide amounts to somewhere between \$270 million and \$305 million, and that's before we even start getting into next year. The OPSBA briefing note I referred to earlier provides expanded details on some of these cost pressures.

Failure to recognize the cost pressures has ominous outcomes: reduced teachers, reduced services and the potential of the TDSB continuing in a deficit position and other schools falling into the same predicament.

The recommendations are set out and they deal with the establishment of wage adjustment in 2004-05 to make up the 1% over and above the funding that was provided in 2003-04; that the hydro increase that is the provincial government's award to us be specifically provided for and funded; also, that the pressure that was created in our current fiscal year be recognized, not only for us but for all school boards in Ontario; that the declining enrolment grant, which is a grant that was put in place two years ago to protect boards from falling enrolment for their fixed costs, be frozen for 2004-05 so that coming out of this year the grant will not be decreased—that's vital since fixed costs just don't disappear overnight and the funding model for that element assumes that that takes place—and that benchmarks be adjusted to recognize inflation.

1520

Renewing the learning environment: There is an attachment, appendix 2, that is a memo that I prepared and we presented to the Minister of Public Infrastructure Renewal. The condition of schools across this province is in dire straits. The ministry's own estimates last year put it at \$5.6 billion of deferred maintenance. The ministry is working now on a condition report that will update that number as to where it currently stands, and every school will be tagged as to what its condition is against a standard. We alone, in the TDSB, have a backlog of maintenance and renewal requirements of over \$600 million.

The vicious circle, which is indicated in the appendix that we submitted to the minister, shows that what boards of education across the province do is take their current funds and start to rotate them. What ends up happening is maintenance is the one that gets hit in order to sustain teachers and classroom support, therefore the deteriorating conditions just continue to be a spiral.

What is recommended is a \$2.8-billion, four-year program to revitalize the learning environment. What is out-

lined here—although that sounds like a lot of money, and it certainly is—is also an attachment from California, where they attacked the same problem. Their schools went downhill in a hurry and our schools are in that downhill spin. What we're suggesting here is we think that although the current year and maybe next year are tight, the future economic outlook hopefully looks better. This program, in its first year, would only cost the province \$10 million to \$15 million of interim borrowing costs. It ramps up, but it will help to reinstate our schools.

Negotiations: I'll be brief here. Basically, the summary of this is that school boards are required by law to negotiate a three-year deal. All collective agreements for teachers expire at the end of August 2004. School boards have no power to negotiate compensation. The provincial elementary and secondary federations decide on their strategy for compensation on a provincial basis. We then impose that outcome on a local basis and we are caught in a squeeze with the other provincial objective, which is the ministry. Without the funding, we can't negotiate and therefore the three-year deal can only be achievable if funding is provided.

The example of the provincial mandates is the elementary teachers, who have already indicated their demand for 200 minutes of prep time. The report here indicates where we are now and where the funding is. That is a big-ticket item for the province and obviously impacts on the ability of achieving funding.

In closing, there are other areas. I would encourage you to refer to the OPSBA report, which details some other things on technology and transportation, which are also in tough straits.

Again, we appreciate the opportunity to present today and trust that the government will reflect seriously on our recommendations and find the resources to invest in the future of our children. Thank you.

Ms Gerry Connelly: If I could also just express my sincere appreciation—

The Vice-Chair (Mr John Wilkinson): We have about two minutes left.

Ms Connelly: I'd just like to leave a few comments about what we are and what we do. As the chair has indicated, we are about children and about learning. We educate more than 270,000 students. We have over 30,000 full-time employees; 17,000 of those are teachers, which means that we're one of the largest employers in Canada. Our annual expenditures are in excess of \$2 million, and we have properties and assets worth billions more that we manage on a daily basis.

Our goal is to ensure that all of our students are successful and that our parents and our community feel confident that the Toronto District School Board is serving its students well. How well we serve our most vulnerable students is our critical goal and is an indicator of our success as a system. I know you share that as a government.

We serve more than 70,000 meals each day to students in need of nutrition to ensure that our must vulnerable students can learn. We provide safe transportation to tens of thousands of students each day. We clean and maintain over 50 million square feet of school and building space each day—that's the equivalent of 30,000 homes. We support more than 50,000 e-mail addresses and 60,000 computers in our schools.

We're very proud of what we do. We're committed to investing in the things that matter: our students. We want to work with the government to ensure that our long-term goals of student learning, student success and public confidence in the Toronto District School Board are achieved. We need your serious consideration as you move forward in your 2004 budget.

If you require any further information or clarification with respect to our presentation, we are available at your request and will be prepared to speak to you further.

Thank you very much.

The Vice-Chair: Thank you very much. There isn't time for questions. The committee thanks you for coming this afternoon.

ELECTRICITY DISTRIBUTORS ASSOCIATION

The Vice-Chair: I would now call on the Electricity Distributors Association. Good afternoon. The committee welcomes you. I just want to let you know that you have 20 minutes for your presentation, and that can include questions, at your discretion. We would ask that you begin by stating your name for our Hansard record.

Mr Anton Krawchenko: Good afternoon. My name is Anton Krawchenko. I'm the director of external relations for the Electricity Distributors Association.

My message today is a fairly straightforward one. It is simply that the path of electricity sector reform that we're currently on will positively impact the provincial budget, both directly and through positive impacts in the budgets of municipal governments.

The electricity industry is complex and has many industry participants. I will restrict my comments just to

the distribution industry.

Distributors are the providers of critical local infrastructure. They are the local wires businesses that deliver power to consumers, to homes and businesses across the province. There are 95. One of them is provincially owned—that's Hydro One—most are municipally owned, and there are two private distributors.

There are some substantial benefits that the distribution industry provides to the province, both at the local level and provincially. I am speaking now from slide 3. First of all, on an annual basis, the distribution industry invests \$750 million a year in capital investment. Those are simply wires, poles and computer systems that ensure electricity reliability. It's probably worth mentioning for a second that supply of electricity, by which I mean generation, is a very important topic right now in Ontario. But of course, unless you can ensure the delivery of power, no matter how much supply you have in the province, it's more or less irrelevant. This capital invest-

ment that I'm talking about is what ensures the reliability of electricity supply every single year.

Distributors also pay proxy taxes, since they are largely publicly owned. In 2002, that was \$165 million. This was money earmarked to payment of the stranded debt. By that, I refer to the \$21 billion left over from the former Ontario Hydro.

The municipally owned distribution companies, of which there are 92 or 93, pay \$210 million every year to municipal governments through property taxes, through dividends and also through interest payments on debt held by these municipal shareholders.

Also, there is the question of jobs, and there are 8,600 of them in communities across the province as a result of

the distribution industry.

These benefits that I've just outlined to you have been frozen, and in some cases reduced, as a result of cost pressures that have been building up in this industry. For the past several years there have been unfunded cost pressures of nearly \$800 million that have built up. By unfunded costs, I'm referring to both government-mandated expenditures and other expenditures which cannot be avoided, which are not recoverable through rates or which have not been as a result of rate freezes.

There are some very serious negative effects, to hundreds of millions of dollars of unfunded costs, building up in an industry like distribution, which has annual revenues of only about \$2.1 billion. First is massive financial pressure, financial instability, which is independently corroborated by the virtually instant creditrating downgrades that the entire industry received after the price freeze of November 2002.

Second is frozen or lowered proxy taxes paid to the provincial government to pay down the stranded debt. There is also the question of municipal contributions. These have been frozen or lowered as a result of this buildup of unfunded costs.

1530

Ultimately, and most important, is the fact that the reliability of electricity supply would be affected. I don't mean to suggest that there is an imminent crisis. I think that proactive measures by the current government will ensure that there will be no such crisis.

When I talk about these proactive measures, what I'm talking about is Bill 4, which is an electricity pricing law adopted by the government in December of last year. Bill 4 talks about many different parts of the electricity industry. I'm going to touch on only the distribution components.

The purpose of Bill 4 was to alleviate this financial pressure which has been building up, and ultimately to ensure the reliability of electricity supply for years to come. It does this in two ways—well, one way, which is a minimal rate increase for consumers, which will be implemented to achieve two things. First is the recovery of about half of those unfunded costs that I mentioned, the \$800 million; and second is the implementation of the third phase of a rate of return on invested capital. This is a rate of return that was implemented about three years

ago. It was going to be implemented in three phases to lessen the impact on consumers. The first two phases were implemented; the third phase was not, as a result of a price freeze.

You probably will wonder what this impact is, when I say "minimal impacts" of what I'm talking about. The recovery of unfunded costs will mean a 0.5% increase in the average consumer's bill once a year for the next four years, after which it will be removed entirely. The increase in the rate of return will result in a one-time 3% increase of your average consumer's bill.

If you turn to page 8, we're talking about fairly large magnitudes of money here, \$100 million recovered each year for four years. One of the reasons why the impact is not that large is simply because distribution is not a very large component of the bill. If you take a look at the pie chart, you see that it's about one fifth of your average consumer's bill.

The question is, who benefits from Bill 4 and these price changes? Well, through minimal rate increases, consumers benefit, because they get a reliable electricity distribution system for years to come. Secondly, the province benefits through the payment of proxy taxes and also through increased payments from Hydro One, its distributor. And municipal governments also benefit from increased contributions from their distribution companies.

Financially stronger distributors means that municipalities will have more money to invest in local priorities, whether it's local water systems, community centres or whatever the case may be.

For this reason, I would characterize Bill 4 as a winwin-win. It will strengthen the provincial budget. It will end years of financial pressure on the distribution industry, which was unsustainable. And also, customers will benefit through the reliability of electricity supply for years to come.

In conclusion, I just want to commend the new government for the implementation of Bill 4 and add one caveat, which is that it must be implemented in its entirety for the benefits that I've outlined to be fully implemented. That's the end; thanks.

The Vice-Chair: Thank you for your presentation. We do have time for questions. In this rotation we'll begin with the NDP. We'll have about three minutes per caucus.

Mr Prue: I used to be a hydro commissioner with one of the previous hydro commissions before we were amalgamated, much to our chagrin. Can you tell me-

Mr O'Toole: It's a big asset for the city.

Mr Prue: It's a big asset. It was a big asset for East York too.

Can you tell me what effect the amalgamation of the hydro boards in Toronto or elsewhere has had on the municipalities? Have the rates of increase gone up or down since then—rates of increase to the municipalities in terms of money that came to them?

Mr Krawchenko: I'm afraid I can't give you exact figures for what happened with rates due to amalgamations in particular areas, but I'd be very happy to provide them to you and the entire committee-

Mr Prue: In terms of service levels, because I often get complaints in my own riding that service levels have declined considerably since that happened. Is that the feeling across Ontario? It's all well and good for you to tell us you're going to make more money this way, and I appreciate that, but what are you doing for consumers? Have the service levels gone up?

Mr Krawchenko: I don't know that service levels have been reduced. I haven't heard that this is a problem across the province. There are complaints sometimes here about the difference in service levels between different areas as a result of the structure of the distribution industry, where people within communities can be served by different distributors, even across the street. But as for reduced service levels, I think that distributors by and large do a very good job of serving their customers.

Mr Prue: I have also noticed recently a change of heart—it's gotten much colder—from the distribution companies when people fall into arrears. When I was a commissioner, if someone fell into arrears we would try to work with them and try to make sure that the electricity stayed on. We are seeing increasingly in my constituency office that the electricity is being shut off, including in this cold winter. It wasn't last winter, but it was this winter. Can you tell me about that? This is all well and good, you're making more money, but I'm not seeing much satisfaction out there, as you contend.

Mr Krawchenko: My experience in talking to LDC executives about the question of disconnection and how they collect bills is that they are by and large sympathetic to working with individuals who come to their attention who are not able to pay bills. There are also examples of distributors who have worked very effectively with local poverty groups to identify those individuals who genuinely have trouble paying their bills, as distinct from, for instance, as we experienced during the disconnection ban, students who realized that they could go through a year without making payments and then leave.

The disconnection ban over the last winter had the effect of increasing dramatically the cost to distributors, through unpaid bills. This is not something that goes into the back pocket of distributors. When you lose millions of dollars because some consumers don't pay, it's other consumers who simply pay the difference. It all comes out of the same pie. To the extent that massive financial pressures have been building up in the industry, perhaps there has been increased pressure to collect overdue

The Chair: We'll move to the government.

Mr Peterson: You mentioned that one distributor is provincially owned. Which one is that?

Mr Krawchenko: Hydro One.

Mr Peterson: And which two are private companies?

Mr Krawchenko: Fortis Ontario owns distribution systems in a few different places in the province. One is Canadian Niagara Power. It leases the distribution system owned by Port Colborne. Also, it owns distribution

systems around Sault Ste Marie, though not Sault Ste Marie proper; Cornwall and Gananoque.

Mr Peterson: You say the name is Fortis?

Mr Krawchenko: Fortis Ontario. Excuse me, I need to make a correction. The other private distributor is Great Lakes Power, which is around Sault Ste Marie.

Mr Peterson: Hydro is all broken up. I'm not sure of my history here, but these distribution companies were

all part of Hydro at one point, were they not?

Mr Krawchenko: No. In fact, at one time there were many more of them. There were over 300 until several years ago, after which there was a period of consolidation in the industry. Ontario Hydro did have distribution assets, which have been broken off and are now the distribution part of Hydro One.

Mr Peterson: Are you seeing any difference in the functioning model between the private companies and the municipally owned companies? I'm thinking of Enersource in Mississauga, which is now 10% owned by

OMERS.

Mr Krawchenko: I think all the distributors, regardless of their ownership, do a good job of keeping costs down in serving their customers and maintaining electricity reliability. One difference you may see is that during a period of great difficulty for the industry where there is an accumulation of huge costs which are unfunded, private investors would be less forgiving of the circumstances that their distribution assets are in.

Mr Peterson: What I'm driving at here is that private funding for this asset would have to pay two to three percentage points more than provincially backed funding for a utility. It seems to me on large capital projects like laying wire, it would be better and more efficient for our province if we as a province funded that and got the lower rates of funding for the long-term benefit of consumers.

Mr Krawchenko: I won't speculate on capital investment and whether or not private or public funding would be cheaper.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for your presentation.

Mr John R. Baird (Nepean-Carleton): Mr O'Toole is our new energy critic.

Mr O'Toole: In fact, Mr Baird was the Minister of Energy. We hardly know where to start.

Mr Baird: You voted for my bill. Thank you.

Mr O'Toole: They voted and then they changed their minds, as they did just after the election, but that's another issue.

Mr Baird: I couldn't have done it without you.

Mr O'Toole: I'm certain that you're happy with Bill 4, because it's a tax increase by any other name, right? Just say yes or no.

Mr Krawchenko: No.

Mr O'Toole: Yes, it is. Actually it is, because what they're going to do is allow you—

Mr Colle: Don't let him put words in your mouth.

Mr O'Toole: The fact is that it's going to increase their revenue. "Unfunded liability" is what they called it, and I agree, there was a problem there. We had to do something about the rates, and you got caught in the timing of the market closing.

I guess what I'm trying to get to here is, this is going to be new revenue for you, as well as Hydro One, the municipalities and the province, technically.

Mr Krawchenko: Correct.

Mr O'Toole: The profit companies will also enjoy the profit.

Mr Krawchenko: That's correct, the two small private companies will.

Mr O'Toole: Actually, it's an interesting issue. What I felt in that whole thing, even when we were government, is that the return on investment, the 9%, I wish I could get that. Whoever got that 9% in that original legislation, it was an error. I wish I could get 9%; I'm lucky to get 2.5%. Is 9% where you're heading back, a 9% return on investment?

Mr Krawchenko: It's actually 9.88%.

Mr O'Toole: Oh, it's higher—9.88%. It's even worse than I thought. So this is going to be a one-time 3% increase in my bill at home. What date does it take place? This is critical.

Mr Krawchenko: That will actually happen in May 2005.

Mr O'Toole: That's about the same time as the other rate, the 4.3% to 4.7%, right?

Mr Krawchenko: That's correct.

Mr O'Toole: So there's a double whammy coming for the consumers of Ontario. That's the message here for Ian Urquhart and Robert Benzie and the rest of the media. There is a double whammy coming on your electricity bill. They've done it in such a way with Bill 4 that the consumer won't be able to figure out whether it's an LDC charge or it's going to be an actual charge on the consumption of energy. Are some of the charges you're increasing going to be part of the calculation which is based on consumption? The rate, so much per kilowatt hour, is not just applied to the kilowatts you use; some of the other charges on the bill are also going to be affected. Is that not right?

Mr Krawchenko: When I'm talking about an increase in the distribution rate, I'm talking about a perkilowatt-hour portion of the—

Mr O'Toole: So it goes up with the amount you use. It's going to affect small business.

I understand the industry is very important. I certainly do want to work with you in the future, as the critic, and make sure that at the end of the day we have reliable, sustainable, affordable power. Anything you want to add, it's your time.

Mr Krawchenko: It was a very tough choice, obviously, to raise rates for customers. I think the way the electricity system in its entirety was being operated was unsustainable. On the generation side, the price of electricity was not reflective of the actual cost of power. Something had to change. Similarly, there were unsus-

tainable financial pressures building up on the distribution side. Something had to change there.

Mr O'Toole: Certainly—

The Chair: Your time has expired, Mr O'Toole. Thank you for your presentation this afternoon.

Mr O'Toole, you are giving notice of motion?

Mr O'Toole: I'd like to do it now. It's fairly important that I do it right now.

The Chair: Can we deal with it at the end of the day?
Mr O'Toole: With your indulgence, I'd like to do it
now. It won't take me but a second. I move that:

The committee on finance and economic affairs recognize that virtually all presenters that have made submissions to this committee have called upon the Liberal government to uphold one or more of its campaign promises:

And that the committee recognize that knowledge of the costs of the Liberal promises is integral for all members of the Legislature to make informed opinions and recommendations with respect to how these promises may or may not be implemented;

And that the committee recognize that a freedom of information submission requesting that "any estimates of the cost of implementation of the fall 2003 Liberal Party election platform initiatives as produced by the Ontario Ministry of Finance staff" be provided was denied in whole by the government as it was deemed to be a cabinet record;

And that the committee recognize that the freedom of information office at the Ministry of Finance has not been able to provide a date on which such a document was actually presented to the executive council;

And that the committee recognize that the Premier has indicated that he has "never seen that document," and as such, it could not have been presented at a meeting of the executive council:

And as such, the committee ask the Minister of Finance to immediately provide the 60-page document described by the Ministry of Finance as the "estimated cost of initiatives" to all MPPs and members of this committee, to allow for appropriate deliberation and analysis of all requests from presenters that reflect promises made by the Liberal government during the 2003 general election.

It's my understanding what we're saying here, with your indulgence, Chair, in the couple of seconds I have—

The Chair: It is a rather substantive motion. I would like to have copies for all members of the committee. So we'll recess for five minutes.

The committee recessed from 1546 to 1557.

The Chair: Committee members, I have had a chance to review the motion, and the motion is out—

Mr Baird: Point of order.

The Chair: I'm addressing your motion.

Mr Baird: On a point of order: All I want to know is whether you take any arguments, Mr Chair. Would you allow members of Parliament the opportunity to be able to speak to the question before you decide the point of order? I accept your role as the judge; I don't challenge

your role in any way; but normally the judge will hear submissions from both sides about whether something is in order. We're talking about a fundamental issue which is an egregious violation of parliamentary liberties of members of Parliament. The government can't hide this information from the taxpayers. I would like the opportunity to speak to this issue before you make a ruling.

The Chair: But you haven't heard my ruling.

Mr Baird: I can't challenge your ruling. I can only speak to it before. The minute you make a ruling, I can't challenge it.

The Chair: Correct.

Mr Baird: And you will not take submissions from members of Parliament before you make a ruling? The judge always listens to both sides before he makes a ruling. This is unprecedented, Mr Chair, that the Chair would say that he will not hear a point of order before he makes a ruling. I'd like to see the information. I think you should release the information.

The Chair: I will hear a brief comment from the member, Mr Baird.

Mr Baird: Thank you very much, Mr Chair. I appreciate your consideration of that issue; I genuinely do.

The motion that was passed in Windsor on January 28 clearly lays out that notice be provided of any proposed motions that would refer to issues that would "normally be included in the committee's report-writing stage."

I'd like to give exhibit A to you, Mr Chair: the official record of debates from Thursday, April 26, 2001, the standing committee on finance and economic affairs, the pre-budget consultations. This details the report-writing stages that the Legislative Assembly committee on finance considered. Requests for information are information that we would need as members of the committee to know what we might use to reflect on to prepare the report.

Legislative research is here. They're going to take a period of time after we finish hearings to reflect on what they've heard. They need the information from the presenters and perhaps from committee members to reflect on it, as we all do, before we can go into the report-writing stage. So a motion of this nature would not normally be made, as this motion says, and the author of this motion clearly said "normally" be considered report writing, because the request for information at that point is too late. My colleague Mr O'Toole does this by way of motion for the simple reason that a request normally is sufficient to procure information.

I would refer you to the book by Derek Lee about procuring parliamentary papers. We are a constituted committee of the Legislature that can, by right, request and procure papers from the executive branch of government. Being in the legislative branch of government, we can procure such papers, and I would like to see that information procured.

All we're asking for is that a document which exists at the Ministry of Finance, prepared by public servants public servants paid for by all of our taxes—be available to all members of the committee. The excuse was used that this document was confidential advice to cabinet. The Premier very clearly said yesterday that he has not seen the document. This document is several months old and has not been brought before the executive council. That's why I think it's incredibly important that this motion is in order, because a motion of this type would not normally be made in the committee report-writing stage. For that reason, I think it's in order and would seek the opportunity to debate it if your ruling is favourable.

The Chair: Comments?

Mr Prue: Just very briefly, the concept of privilege goes back a long time in parliamentary democracy; it goes back thousands of years. It says that all members of a committee, all members of a House, all members who are in government or out of government have equal access to information that is available. I don't know whether the members opposite here have ever seen it or whether you have seen it, but it's clear that it exists, and it's clear that someone on the committee wants to see it.

I think a member of government who attempts to conceal that is not being open, honest and transparent. I would not like to think that is the case of our Premier, I would not like to think that is the case of our finance minister. I clearly understand executive privilege if this has gone to cabinet. I clearly understand that that is outside the realm, but if it has not gone to cabinet, this request is not untoward. This is simply asking for information that exists, information which would surely help all of us understand the very difficult role we have on March 10. All of us, every single one, is going to have to weigh options and costs, and if it's already prepared, if we know what some of those options and costs are going to be, we will be able to do a much better job as a committee recommending to the Minister of Finance which programs he should proceed with and which ones he should not; which ones are cost-effective, which ones are not; which ones can be delayed due to the inordinate costs involved. I think what is being requested here is very reasonable. I, for one, hope that you rule that this motion is in order and that this committee has an opportunity to see documentation prepared by the public service of this province.

The Chair: Comments?

Mr Colle: Mr Chairman, this is again an attempt by the opposition to obstruct the opportunity of this committee to hear from the delegates. They've done this repeatedly. This committee has been charged to listen to delegations. We have one waiting again. We've had this happen repeatedly. The due process of this committee is that we receive information, we ask for information—

Mr Baird: That's what I'm doing—asking.

Mr Colle: During the report-writing stage, the information comes forward, the motions come forward, as has been done for the last 100 years, and then the committee deliberates over all the reports and information. That's the process.

This is again an attempt to pre-empt the committee from its work, to try to interfere with our listening to the deputants. These are public hearings for the citizens of Ontario; they're not public hearings for the opposition to try to embarrass the government. We're hear to listen to the deputants and bring all the information forward. We've asked for reports, there are motions tabled that all come at the proper time—the report-writing stage—and then we vote on the motions, we consider the presentations and that's the time to do it. We've got days to do that in March. That's the way it has always been done. The opposition hardly ever had these public hearings.

Mr Baird: Every year we had them.

Mr Colle: They hardly ever went anywhere, and they never had motions like this. Again, this is an attempt to obstruct the work of this committee. We should be hearing from the deputant who is here. They've done this repeatedly. It essentially doesn't allow the deputants to give their view on the economic matters, the financial matters of this province to this committee, which we can weigh in due time. This is just another stunt by the Conservatives—to do things they never did, because they never listened to people. Here we go again; they're refusing to listen to a deputant who has been waiting here. In Niagara Falls, they kept a deputant waiting for an hour and a half because they were doing the same kind of stunts.

Mr Baird: I bet you— The Chair: Order.

Mr Colle: I say, let's move on and listen to the citizen of Ontario who is here representing the Toronto and York Region Labour Council and move this to the appropriate place, which, if it's in order, is the report-writing stage, where it has always gone for the last 100 years.

The Chair: Comments?

Mr O'Toole: If I may, I think it's unfair to characterize this as a usual request. What we're trying to do is find out what Hugh Mackenzie already knows: that it's \$5.6 billion in promises—\$5.9 billion is what Hugh Mackenzie says. We think that perhaps this committee needs to know the accuracy of those 230 promises. What are the costs? If you promised without doing the costing, that's irresponsible. If you have done the costing, then where are the numbers? It appears to me they have been analyzed. There's a 60-page report. That is all we're asking for. If you're trying to cover it up—I don't accuse you, Mr Colle, because I'm sure you haven't seen it anyway.

Mr Colle: Mr Chairman, what is he talking about?

The Chair: Order.

Mr O'Toole: I think all this motion is about is trying to get to the truth. What are you hiding? That is the truth.

Mr Colle: Let's hear from the people.

The Chair: Order.

Mr O'Toole: The people need to hear this, because they heard your promises for 28 days, and they didn't know how you were going to pay for them, nor do any of you. That is the challenge to you. If you didn't know, you should have known; and if you promised without knowing, it's irresponsible.

Interjections.

Mr O'Toole: It's about difficult decisions.

The Chair: Order, please. Through the Chair. Comments?

Mr O'Toole: I think Mr Prue did the best job, really.

The Chair: I find that the motion is out of order except for the last paragraph, which begins with, "And as such, the committee ask the Minister of Finance to immediately provide the 60-page document" etc.

Comments

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Mr Baird: Thank you for your ruling, Mr Chair. It's appreciated.

Speaking to the motion, which is the current discussion and debate, I think as members of Parliament, as members of the legislative branch, we have a responsibility to ask the difficult questions. The public service, not at the request of the government, the Premier told us yesterday, costed out the Liberal campaign promises. There is a document available. The Ministry of Finance has told us that it's confidential advice to cabinet. The Premier clearly said yesterday he has never seen the document, and nothing in my eight years of being in government gets to cabinet without the Premier seeing it.

There's a 60-page document that is essential—many of the campaign promises that Dalton McGuinty made, I support, I think are worthwhile and valid and I would like to see implemented. I'm very serious about that. Many of the initiatives contained are ones that are of a non-partisan nature, whether it's services to those most vulnerable or to children or with respect to health care. But this committee will have to undertake a deliberation in a period of time, and that report shouldn't be secret; it should be open to members of Parliament. We have a right to see it. We're the minority. All we have is the right to make our case.

We have a right to this information. All members of the government caucus sit on cabinet committees; we don't. We would like to know the value of the campaign commitments. We were told repeatedly that MPPs would be free to vote however they want on issues. This is a procedural matter; it's not a question of confidence in the government.

Something stinks here. There's something in this report that they don't want in the light of the public. A new era of openness was promised. If there's nothing in this report, make it public. Let people see it. I feel incredibly strongly about this. If this committee can't even request a document from the Ministry of Finance, what the heck are we doing here? I've seen deputant after deputant come forward and talk about various commitments that any party or any government has made. If we don't know how much those cost, how can we possibly decide that the promise made on long-term care is eminently reasonable and achievable but the promise on class size is not?

If we can't have access to this, I think it would be an egregious violation of the parliamentary process. As individual members, surely information should not be something that should have to be fought for; it should just be provided. Clearly the motion simply says that the

60-page document procured by the public service, referring to no cabinet submission—it just talks about the commitments made in the election campaign. I think we would all want to see it and reflect on it as we prepared our motions. If not, why are we here as members of Parliament? This information should be made public. It's the right thing to do.

From my time in various levels of government, the fight over this issue won't go away. It is best to be dealt with now. Whatever is in this report can't be nearly as bad as the secretive, manipulative approach that's being taken to cover up the document. I'd like to see it. I know all members will want to read it and reflect on it. It should be made available to parliamentarians on both sides of the aisle.

Mr Prue: I would basically ask, if we can, that this be dealt with today. I don't know whether that's possible within the rules, but certainly the motion itself suggests that the committee ask "immediately," not on March 10. I think that's too late and that would negate the actual value of this motion. So I would ask my friends opposite to seriously consider allowing this to come to a vote today. Whether you vote for it or against it is your own decision, but the decision should be made on whether or not this committee will go forward and ask the Minister of Finance for a document that will help this committee to rationalize the decisions that we are going to make on March 10 and the recommendations that we are going to

People have been coming to me across this province, the deputants, and asking, "What is the purpose of this committee?" They've been saying, "Are we going to be listened to by the members of the committee? Is what we are saying of any importance to the committee? Will our views be reflected by the committee?" I have tried to assuage their fears as best I can. I have told them that we are part of the process, that I know the Premier is going to run his own committees and he has already started to do that, I know the Minister of Finance will consult with the bureaucrats and I'm sure he's already doing that too. and that there may be other processes in play that I am not aware of, and they will all take place as well. But this is the public committee. This is the opportunity for every single one of those people who are making deputations to us to make a deputation and to believe that we are going to listen to it, to heed it, and to make recommendations on it. If we are not going to do that, if we are not going to have all of the information from them and all of the information that is extant at this time, then I don't know what the committee is really here for.

I have to be very blunt. I listened to Minister Gerretsen when he made a faux pas in the House, and I know it was inadvertent when he said we were going out to do "real and meaningless" consultation. I know he meant to say "real and meaningful" consultation, but if the committee sees otherwise and if the committee says we're not going to see the documents that I think we need to see, then perhaps Minister Gerretsen was right the first time. I hope not.

Having said that, I don't see anything wrong with getting this information. I would take hundreds or thousands of pages from any source if I thought it was relevant to my making a better decision, and I cannot see how this one is going to hinder that decision in any way. I would ask the members, let's get on with it; let's see what it is. If it's embarrassing, it's embarrassing. If it helps your case, it helps your case. I have no way of knowing what's in it, but I do know that I want to see it and I do know, on behalf of our little rump, which is not an official party, that this is virtually the only chance we are going to have to find out that kind of information. We do not have the resources that the official opposition does. We do not have anywhere near the resources that the government has. But I will tell you that each and every one of us is committed to doing the best job we can for our constituents and for the people who support us at election time. One of the ways we're going to do that job is by having all of the information, and this one is key.

So I'm asking you today to please do the right thing, to allow this to come to a vote and to vote with your conscience, and if you agree we should see it, then I think the public of Ontario will be better for that.

The Chair: I want to remind committee members that we have a presentation that was scheduled for 3:40. He is patiently waiting.

The committee should know that we can write to the minister and ask for this information. Do you want the committee to do that?

Mr O'Toole: To expedite this process a bit, I would like to call a vote to see if we have a genuine commitment to do the very best we can to acquire this report for all members. That would show a willingness, and we could then get on with hearing the deputation. So as I put it to you now, if you fail to vote for it, what you're trying to do is hold up the process, because we can talk about this for a long, long time, and it would then be your decision to shut out the public from being heard here today. So all I'm putting to you, Chair, is that you can call the question if you feel that's important, and we could vote for it and move on. It means they support wanting this information as well. If it doesn't come, then we can go to Greg Sorbara and the Premier and find out why it's being withheld.

I think Mr Prue has said it most politely, and reflective of democratic process in a non-partisan way. I have a great deal of respect for the way he phrased it, totally.

Mr Colle: Again, I find it just absurd that again the former government members are refusing to allow a deputation to come forward, as they have done in other cities across this province, and are putting forward their motions when they know that there is a process in place where motions like this and information from research goes forward to the report-writing stage. By essentially usurping the process as accepted by committees for decades, you are in essence saying that anybody can make up the rules on how this committee operates any time they want. We've seen it over and over again. We've seen the declared leaders of the Conservative

Party—Mr Flaherty, Mr Klees—show up in Peterborough, show up in London. They put motions on the table. Then we're supposed to stop listening to deputations to listen to the MPPs from the Conservative Party make these grandiose speeches about democracy.

I was here for eight years, when—remember Bill 26? Remember your bill about electricity, where you didn't allow freedom-of-information access to OPG files? Don't you preach to us about democracy and the right to information. We're here to listen to deputations. We're here to follow due process, which means that requests like this go at the report-writing stage, where all the information, all the deputations from Ontario citizens are weighed into the process. That's what is primary here, not your attempts to embarrass the government and have these stunts to disrupt the work of the committee in hearing from citizens and their representative organizations.

You do it again and again. Mr Chair, if they get away with this here, it means basically that the deputations aren't the key part of this committee process; it's just a stage for the opposition party to embarrass whomever they choose for their own purposes. By changing the process of this committee that has been followed, as I said, because there's a direction from the Legislature on how we work, you're basically saying that the rules and processes don't count, that they can make them up as they go along. There is a process where we can ask for this information and weigh it along with everything else we've heard across this province in the proper context, not here and when it fits the opposition because they've gathered the press here for this stunt. That's not the way this committee should work.

The Chair: Comment?

Mr Baird: I'm going to be very brief so we can get on with the committee's work. The Chair of the committee, an honourable man, has ruled that this motion is in order, the last paragraph specifically, because it's not normal that this would be dealt with at the report-writing stage. Otherwise, this motion would not be in order. It is in order. Such a request would not normally be considered in the report-writing stage or in fact we couldn't be debating it here today.

Mr Colle: Why couldn't we be?

Mr Baird: You said, with great respect—I think this is a fair point for disagreement and that's why I wanted to respond—that it could definitely be considered. But the normal practice of a request to procure papers would not normally happen in the report-writing stage. In the report-writing stage—

Mr Colle: It all goes there.

Mr Baird: But we're going to want to reflect on what we've heard and on information—

Mr Colle: Oh, sure you do—now.

Mr Baird: All I'm saying is that the Chair has ruled that this is not normally done at the report-writing stage, or we couldn't even debate it. So if you want to have it between Mike Colle and John Baird—the Chair has made a conclusion, and I accept his conclusion.

Interjection.

Mr Baird: I do. I'm not arguing with it at all. I think he's made the right call. So all we want to do is to see this information—we're not suggesting that this is embarrassing, so I don't know why people would infer that it's embarrassing. You've seen it, I suppose. You're at the Ministry of Finance. You're a senior political person in that ministry. I've held that position in the past. All we're saying is that as members of Parliament we want the information.

The Chair has ruled that this is the time to request it. I'm not on the cabinet committees. I'm not in cabinet. All I want to do is see this measure.

Mr Colle: What happened to Bill 26?

Mr Baird: The parliamentary assistant has spoken about Bill 26 and other various actions. When that happened, the official opposition went nuts, and properly so. They properly went nuts and they did their job.

The Chair: Return to the motion, please.

Mr Baird: That's the exact job we're trying to do. We want to see this information and we want, you know, the new era of openness and transparency, and to be able to hold the government accountable. That is the job of all of us, isn't it? We're members of the legislative branch, and some members are members of the executive branch. Our job on this committee is to hold the executive branch accountable. That's very difficult for government members to do. I've been there. The Minister of Finance may say, "No, I'm not giving you this." All we're doing is asking, could he give it to us? He can say no. I say to the members of the Liberal Party, you can vote for this, because if the Minister of Finance doesn't want to give it to us, he doesn't have to. It'll be his decision and he'll be accountable for it, not this committee.

Again I ask the committee—I did this before on a very small issue with respect to the retroactivity of the taxation measures contained in Bill 2. If members of Parliament can't even ask for information—that shouldn't be a partisan issue. I think we need it to do our job. With that, I'll conclude my remarks.

The Chair: Any comment?

Mr Racco: Briefly, I think we should go to the vote. I think we should take a vote since the arguments have been made on both sides. One thing is clear, though: There is only one deputation on the list, and I thought it would be proper that we hear the deputation and then, if there was a motion, that's when the motion should be put on the agenda. I believe that the opposition may have other reasons to do what they are doing.

The Chair: Are you asking that the question be put?

Mr Racco: I'm not asking a question. I'm making a statement.

The Chair: But I'm trying to understand: Are you asking that the question now be put?

Mr Racco: Yes, I said that we should take vote, and before we take a vote I was making my comments. I think it's unfortunate that the last deputant has to wait so long to make his deputation. We could have debated this issue after all the deputations were made, if the objective

was honourable, but I suspect that that's not the case. Therefore, I ask that we take a vote, please.

The Chair: The question has been asked to put the motion in a recorded vote on putting the question. All those in favour?

Mr Colle: What's the vote on?

The Chair: I'm asking for a vote on putting the question. Recorded vote.

Ayes

Colle, Marsales, Orazietti, O'Toole, Peterson, Prue, Racco, Wilkinson.

The Chair: Carried.

All in favour of the motion? We're voting on the motion.

Interjection.

The Chair: Just the last paragraph.

Ayes

Barrett, O'Toole, Prue.

Navs

Colle, Marsales, Orazietti, Peterson, Racco, Wilkinson.

The Chair: The motion is defeated.

TORONTO AND YORK REGION LABOUR COUNCIL

The Chair: Is the Toronto and York Region Labour Council here? Please come forward. I want to thank you for your indulgence this afternoon as the committee was doing its work. I apologize on behalf of the committee for the time you've had to spend here. I sincerely appreciate your being with us for all this time. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to state your name for the purposes of Hansard.

Mr John Cartwright: My name is John Cartwright. I'm the president of the Toronto and York Region Labour Council. I'm just trying to figure out whom to send the parking ticket to.

It's actually a tremendous pleasure to be here today, in spite of the delay. I was counting up the number of times I've been thrown out of the galleries in this building in the last eight years, bringing the concerns of people on everything from the rights of working folks to have a union, to their rights to have a decent education for their kids, to health care, to the rights of the citizens of Toronto to maintain their civic structure that they voted democratically on. It's quite nice to be able to come down and have a sense that you can actually talk to

people in this committee and they'll pay attention, other than Mr O'Toole, who of course has to leave now.

Interjections.

Mr Cartwright: It's all right. His media await him, I'm sure.

Let me talk about the task of the government at hand. From the perspective of the labour council, which represents 190,000 men and women in every sector of the economy in Toronto and York region, we've looked at the last eight years as basically being a terrible time where in one area after another people's rights have been taken away through this Legislature, where economically many people, especially those of moderate and lower income, have suffered, and where almost every institution in the capital city of this province and in this province has been torn apart, its functions have been denigrated and its resources made negligible to the point where those institutions can hardly work.

1630

What we're going to ask the government of the day is to look at the spirit that people went to the ballot box with on October 2, where they did in fact choose change. The spirit, I would hazard to say, was one of, "We want to restore this province to what it once was. We want the institutions that were very much a part of the social fabric and the political and economic fabric to be restored." I guess we can go through every sector and every piece of the key elements that are going to be in front of this committee as it thinks about its budget, but that really is it overall. When the citizens of Toronto went to the ballot box on October 2, by the time the ballots were counted, there was not a Conservative MPP left in this city, because the people of Toronto felt strongly. In York region the overwhelming majority of electors also decided they wanted the Common Sense Revolution to

For us it's very important that it does in fact end. We understand that the deficit of billions of dollars that was hidden has come out and is now part of the public discourse. There was a very sarcastic cartoon put in one of the media back in October, talking about the deficit allowing the previous Premiers and finance ministers to effectively rule from the grave by having set the stage where the incoming government doesn't feel it can invest in what is so important to invest in. The previous government had essentially squandered tens of billions of dollars of public assets, not just the fire sales like the 407 and others, but actually squandered in terms of the revenue that was there to be used for public services.

I asked somebody if the quote had been used yet today—the Oliver Wendell Holmes quote, "I pay my taxes because it buys me civilization." That, in fact, is what it's all about. The people of Toronto and central Ontario have clearly said that that's what they'd rather do. They'd rather pay their taxes and have strong services and a strong support network for the things that are important to working families than see anybody stuck with an inferior and incompetent level of income revenue that was put in place by the previous government.

Essentially we're saying to the new government that you should not be restrained by the regressive tax policies of the Conservatives and you should move forward to ensure that the income is there for the following areas:

First is education. You've had a presentation here today, I see, by the Toronto District School Board and by an individual school trustee talking about the needs of public education. We made a presentation to Mr Rozanski when he was doing his report. We are quite happy with most of the report, except for the element of the maintenance budget and funding for maintenance, which was essentially flawed when it was put in place by the previous government and was not addressed significantly enough by Rozanski. We're saying to you that you need to implement all of the elements of Rozanski immediately and not wait for a phase-in. If you don't implement Rozanski, you're putting publicly funded education back in a crisis mode, whether it be the current impasse at the Toronto District School Board; whether or not it be forcing more strikes as we've seen that were either created or, in one case, specifically implemented by the previous government.

That's not what the parents of Ontario want to see. Likewise, they don't want to see the case where, because school committee advisers and attendance counsellors are gone, those young immigrant kids, those kids who are not sure what they're going to do with their lives, are pushed out of schools and end up in crime and in a situation where they can't respect themselves. That's been the result of those cuts that have been imposed by Paul Christie and by the previous government. We're asking the government of the day to immediately put that money in place for publicly funded education. That goes for the boards in Toronto and York region—in fact, for all boards across the province.

Health care: I think you've heard a great deal about that, the crisis that has existed since nurses were compared with Hula Hoop workers. That needs to be funded, and adequately funded. Our one comment would be that the experience across the world in entering into publicprivate partnerships, where suddenly all the commercial documents become secretive and as far away from the public gaze as we've seen, is not a place you can go with taxpayers' money. You've just experienced what's happening with the 407. You will experience exactly that same situation with the public-private partnership hospitals in Ottawa and Brampton if you're not careful. We have another hospital, CAMH in Toronto, that has talked about PPP because the Ministry of Health, in the old days under the previous regime, was telling them that's the only way they could expand. That's not acceptable. That is a terrible misuse of public money, because it's a black hole that you will be pouring money into and there's no accountability.

You've had presentations in front of you on housing. Of course, as a construction worker, when I read the first announcements that the previous government was cancelling all social housing projects in the city of Toronto, when we still had 40% unemployment in the industry and

when there were thousands of families that needed housing over their heads—that was an obscenity. You need to go back into the housing business, working with the federal government and actually delivering the money to the people who can deliver affordable housing, which are the non-profit and co-operative agencies.

On the environment: You need to reinvest in the environment so that protection can be there. You've started to do that, putting inspectors back in place. But the environment is more than just about protection. It's also about understanding how, when you invest in things like energy retrofits, demand-side management programs and electricity and water conversation areas, those things have a tremendous payback. They are also the key, when you look at environmental technologies, to the next generation of jobs. So I would urge the government to ensure that you're not only supporting environmental investment directly in government services and in government protection but also in those industries and research and development aspects that will show us how we can start taking advantage of the kinds of things, as we see with wind turbines, where Denmark has put thousands of people to work building alternative energy sources or the Ballard fuel cell.

On hydro: I believe that the individual before me was talking about some of the elements. Our position is very clear, that the whole deregulation fiasco that was engaged in by the previous government was bound to fail; it has failed. We don't want you to try to live with that half-pregnant situation. You need to go back to public power, at cost, for the people, the industries and the jobs of Ontario.

The economic development of this province is also a part of the concerns of this committee. You've had a presentation by Mr Hargrove of the Canadian Auto Workers talking about the need for central Ontario's aerospace industry to have strong support from the provincial government, at least to match the support that exists in Quebec, which has attracted a significant number of aerospace industry jobs. In Ontario, we're now in danger of losing the critical mass for an aerospace industry. Toronto's largest manufacturing plant is Bombardier-de Havilland, but there are many other related industries in this area. In fact, we estimate there are four jobs to one in parts and R&D in aerospace. That has to be invested in. The policies have to be undertaken that will stimulate aerospace and protect that as a key high-wage, high-knowledge industry in Ontario.

Those are the investments we wanted to talk to you about.

The question of downloading on to our municipalities is a very difficult issue. When the previous government downloaded especially the social service costs on to municipalities, it had a particular impact. But we all understand that the economy works in cycles and that at some point in time in these next four years, there will be a slowdown in the economy, whether or not it's inherited from south of the border or it happens through natural causes. The impact on municipalities of trying to pay the

social services costs is going to be tremendous. The province needs to be able to look at that and say that the property tax base was never designed to cover the full weight of social services costs and that there needs to be a new deal, in fact the old deal on the issue of social services and an uploading of those costs. Because primarily, income tax and corporate tax are the only progressive rates of taxation; property tax is regressive and user fees are regressive.

1640

I'm going to touch on labour law for a second. Although you might say, "What does that have to do with the economy?", it has everything to do with the economy. Experience has shown that working people are only able to move into a better quality of life and standard of living when they have the collective strength to bargain with their employers to create standards of living, to create standards of income, benefit plans, pensions and so on that then in fact provide the basis for what we used to call the middle class.

It's quite interesting that when the United Way of Greater Toronto did their study about a year ago and they reviewed the tremendous drop in income since the free trade agreement came in in what they call a "decade in decline," they found that the average income of a two-income family in Toronto had declined 14% in that decade because of the loss of manufacturing jobs due to free trade and because of the decimation of many decent-paying public service jobs by the Conservative government and some of the agencies and commissions that had got rid of decent-paying jobs.

The ability of working people to organize when they want to organize, to exercise what's supposed to be a right under law, was in fact stripped by the previous government. When we cite things like the Drycore 10, when electricians were fired because they tried to organize into a union and exercise their right and it took them months and months and months to get in front of a labour board, or other cases where the votes were imposed, where working people are intimidated time and time again and are unable to exercise that right for collective bargaining, it means that working people do not have a tool to increase their standard of living.

Having a decent standard of living and being able to pay taxes on that living is a vital piece of our economy. In fact, the underground economy, which many employers have moved to, using the shield of the vicious anti-labour laws that the previous government had put in place and some of the financial incentives to move into the underground economy, has specifically hurt the tax revenues of this government and its compensation, WSIB incomes.

The last piece I'm going to touch on is transit, near and dear. The city of Toronto has the Toronto Transit Commission, which for decades won awards year after year as being the finest transit system in North America. Their ability to win those awards stopped when the provincial government downloaded the cost of transit on to the municipality and said that the property taxpayers,

and then only the residential property taxpayers, had to share that cost with the fare payers. So we're at the point now where the TTC, short of a couple of grants that have come recently, is the only major city of any of the G7 nations that is not supported by senior levels of government in a standard, reliable income stream.

We are calling on the provincial government, not to talk about a new deal—there's been a lot of talk in the last few years about a new deal for cities and a new deal for transit. We don't really care about the new deal; we'd like the old deal back, the old deal that was in place with Bill Davis and David Peterson and Bob Rae, where the province said, yes, public transit is a crucial piece to resolving concerns about gridlock and sprawl, it's a crucial piece to resolving issues of smog and to moving millions of people every day.

We are calling on the provincial government to restore the traditional levels of funding of 75% of capital and 25% of operating until such time as there may be a final deal arranged with the federal government of what they want to do, and that it should be done directly to the Toronto Transit Commission and the other transit commissions across this province, now, not waiting for a year from now, after which time the fares will have to increase by up to 25 cents for users in Toronto, which is unaffordable for those on modest income. The Metropass will be bumped over that critical amount of \$100, which starts to scare people away.

We don't want the money put through a Greater Toronto Transportation Authority that will then divert some of that money to other areas that don't provide the proper service. Right now, the TTC provides 90% of all transit rides in the greater Toronto area. It has to be maintained in that way. We don't want the money diverted to a public-private partnership as we see in York region, which, if anybody looks at the actual fine print, the consortium is laughing all the way to a bank. There's a black hole for public money in that particular deal, and we don't want money diverted there. We want the money immediately put in place so that public transit can work, so that the current commissioners of the Toronto Transit Commission can make it work, and that the fares can stay—they're still too high for many people. It's amazing.

I had never believed this, but in the last period of time, we've heard from working families where a mother has a choice of either paying for the TTC for their kids to go out or for themselves to go and pay to look for a job. Parents are actually walking miles and miles for job interviews because they cannot afford to have their kids and themselves get on the transit at the same time. It's just stunning. I would never have believed that this is real life. The previous government of course never believed that all those kinds of things ever happen in this province, that they are there. The new government needs to invest so that those things aren't the kind of shameful reality for too many working families.

The Chair: I want to remind you, you have a little less than two minutes left in your presentation.

Mr Cartwright: So I guess to sum up, the people of Ontario did choose change. They don't want the Common Sense Revolution continued. They do not want the Premier to stand up and say, "You know what? I have made a promise to the taxpayers' federation," or whichever group that is, "and therefore, I'm going to have to break every other promise in education, in health care, in housing and hydro, on post-secondary, on the environment, on hydro, on economic development and on social infrastructure because we just can't afford it."

The fact is, the people of Ontario have said very loudly that they want to afford and they want to invest in a great society. They felt a sense of optimism on that morning of October 3 when we woke up and said, "My goodness, we can make a difference here." We wish that the NDP had a few more seats in that election so they could be an official party, and we won't really be satisfied until that is restored, but the sense of optimism was there; it should not be dashed by the government.

You should not listen to our friends here who used to enjoy the eight years of government telling the rest of us that we were nothing but special-interest groups, that those people who were walking miles and miles to try and look for a job were insignificant, and that those working people who were putting their lives on the line during the SARS crisis and hydroelectricity blackout were insignificant. You've got people of Ontario telling you to do the right thing and keep the faith. We don't want you breaking the faith by living up to a situation where the previous government has put you in shackles and you're not going to listen to what the people need.

Thank you very much.

The Chair: Thank you for your presentation. Again, I

apologize for the delay in hearing you today.

Mr Prue: On a point of order, Mr Chair: It's not a frivolous one. This gentleman waited more than an hour. His meter may have run out. I think that if we need to pay his expenses, we should. I think we have that obligation.

Mr Colle: That's mighty nice of you. The Chair: Are we agreed? Carried.

Mr Baird: On a point of order, Mr Chair: I just wanted to thank you for your ruling and apologize if I was too harsh. Passions run high.

The Chair: We had a notice of motion by Mr O'Toole on education. We'll hear that now.

1650

Mr O'Toole: Thank you, Chair. I'll just read it. I move that:

The committee on finance and economic affairs recognize that the Liberal government made 50 different promises with respect to education during the recent election and that teachers, school boards, parents and students have all come before this committee asking for these promises to be kept;

And that the committee recognize that the plea delivered by the Premier for the government's partners in education to temper their requests for more directly contradicts many of the promises that were made;

And that the committee recognize that education providers in Ontario need definitive answers with respect to programs and funding in order to effectively plan how to educate our children;

And that the committee recommend that the Minister of Finance and the Premier immediately inform all stakeholders in the education community which of the promises made during the election will be kept and which ones will be broken in the upcoming budget.

I respectfully submit this, with your indulgence.

The Chair: Comments? You have two minutes.

Mr O'Toole: I'll be brief. We heard today and during the last couple of weeks from students, parents, trustees and supervisory officers from across this province. All of them were holding out hope. We heard today from the Toronto District School Board—something like another couple of billion dollars.

I support public education; I'm a big supporter of it. All of my children have graduated from university, actually, but I think public education served them well back then.

I was a bit disappointed with the Toronto District School Board, because when I was a trustee and chaired four budgets, we were receiving about \$4,000 per student in Durham and Toronto was getting \$8,500. That's simply not fair in a public education system. It's like, in health care, somebody in Timmins getting half what they would in Toronto for their broken arm. This is a public service. They should in Sault Ste Marie—I hope David Orazietti supports this motion.

Mr Baird: And the people of Mississauga. **Mr O'Toole:** And the people of Mississauga.

I would say the government should have the courage to fulfill their promises instead of a litany of broken promises.

The Chair: Mr Prue. Two minutes.

Mr Prue: I don't know whether amendments are in order at this process; I would imagine not.

The Chair: We'll deal with the motion at report-writing time.

Mr Prue: OK. I'm going to respect the process.

I'm going to speak to what amendments I would make to this to make it palatable to me, because I think there are some good things here. I believe the committee should recommend to the Minister of Finance and the Premier to inform the province about which promises made during the election will be kept, full stop. I don't think it's incumbent upon the Premier or the Minister of Finance to talk about which promises they intend to break.

In terms of the education component of our society, I think those people who have made some very passionate deputations today—the school boards, the colleges and the universities—need to know whether the money is going to be forthcoming, whether they are a priority for this year or whether they need to come next year. By the time this budget is presented in April, the whole of the last fiscal year will be done for all those groups, and it's going to be done before they even get their money in

many cases. They need to be on a very sound footing as early as possible as to which parts of the education platform, if any, are going to be met, full stop. If they're not going to be met, I think they are wise enough to surmise that they're not in this budget process and can act accordingly.

If you leave them without that information, then I think you do a disservice to all of them. If they cannot properly plan, if they're counting on money that is not going to be there, then they in turn are going to go into deficit. They in turn are going to have to seek redress from students and families. They're going to have to do hot dog and cookie sales and all the other things that I don't think many of them are counting on doing at this time. So I would—

The Chair: Thank you. This motion will be dealt with at report-writing time on March 10.

Mr Prue has a motion on the federal child tax benefit.

Mr Prue: Everyone is about to get it; it's a very simple motion:

Moved that this committee, in its final report, strongly recommend that the government eliminate the cruel and regressive provincial clawback of the federal child tax benefit as part of its 2004-05 budget.

The Chair: Comment?

Mr Prue: I don't think I can say it better than the member from Toronto Centre-Rosedale, now the Minister of Health. In the House on December 12, 2000, he said, in asking a question of the Premier, "If you really want to do something to help those 100,000 kids living on social assistance in the province of Ontario today, will you stand before us today and tell us that your government will end today its awful clawback of dollars that the federal government has directed toward the poorest kids in our province and allow 100,000 children living on social assistance in Ontario to have the full benefit of federal government dollars in their pockets to deal with the poverty that they face every single day?", to which he did not get a very good reply.

We heard from deputants today. We heard from one who said that if we are going to do one thing to improve welfare across Ontario, that is the one thing to do: put money in the hands of children, the most vulnerable; not those who are actually on welfare but the children of those who are on welfare. I think that if we, as a society, are going to make any welfare reforms at all, this one needs to be front and centre.

I know it's going to cost some money, but I think this committee has heard from enough deputants today to know that this has to be a priority in the upcoming budget. It's certainly something the Liberals said in opposition, it's something they made commitments to during the election, it's something they had questionnaires about in the newspaper and it's something that I believe should be upheld.

The Chair: This motion will be dealt with at report-writing on March 10.

Mr Prue has a second motion.

Mr Prue: The second motion:

Moved that this committee, in its final report, strongly recommend that the government fully implement the recommendations of the Rozanski report on education financing as part of its 2004-05 budget.

The Chair: Comment?

Mr Prue: I don't think I could say it any more eloquently than Annie Kidder did during her debate here today, and some of the other deputants. The education community is counting on the Rozanski report being implemented. It will be too late if this is stretched out over two, three or four years. I recognize fully, and the committee knows I recognize fully, the straitjacket you're in, but this is just too important. I think the committee needs to remind the executive branch that monies need to start flowing, and they need to start flowing in their entirety, if Rozanski is to be followed. It is simply not good enough to put this off. We have a whole generation of children-already eight or nine yearswho have lived with cutbacks and substandard conditions, and we cannot wait another four years for those same children or for the new ones coming into the process.

The Chair: This motion will be dealt with at report-writing on March 10.

I want to seek some advice from the committee. Last week the committee requested copies of the 1989 Transitions report of the Social Assistance Review Committee, as well as the response to it of the government of the day. The report is 604 pages long. The executive summary, including its recommendations, is 110 pages. Would the committee settle for the executive summary?

Mr Prue: Is it possible to put it on CD? I don't want to waste the trees. If it can, that would be satisfactory to me.

The Chair: Failing that, would the committee accept the executive summary and all its recommendations—110 pages? The whole committee would get it.

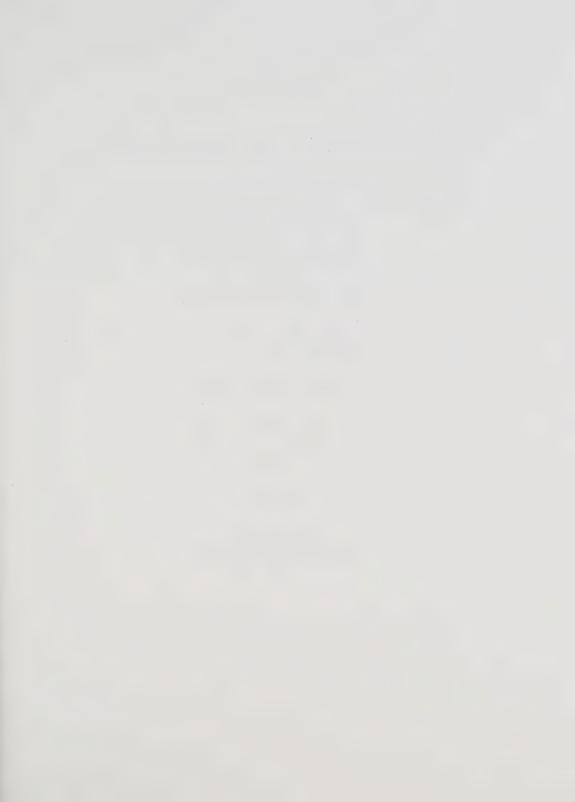
Mr Colle: One or two copies are fine.

Mr Prue: One per caucus is fine by me.

The Chair: One per caucus of the 110-page report? Agreed? Agreed.

We are adjourned.

The committee adjourned at 1659.





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First Session, 38th Parliament

Assemblée législative de l'Ontario

Première session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 11 February 2004

Journal des débats (Hansard)

Mercredi 11 février 2004

Standing committee on finance and economic affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Chair: Pat Hoy Clerk: Katch Koch Président : Pat Hoy Greffier : Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 11 February 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 11 février 2004

The committee met at 0900 in room 228.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. Good morning, everyone.

ANNE JOHNSTON HEALTH STATION SPRINT

The Chair: I would call on the Anne Johnston Health Station to come forward, please. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you desire. I would ask you to state your names for the purposes of Hansard. You may begin.

Ms Brenda McNeill: Good morning. This is a joint presentation by the Anne Johnston Health Station and SPRINT. My name is Brenda McNeill. I am the executive director of the Anne Johnston Health Station, a community health centre located in north Toronto. Copresenting with me is Jane Moore, the executive director of SPRINT, a community support service agency providing services to help seniors continue to live at home, also located in north Toronto.

Jane and I are very pleased to have this opportunity to make this deputation to you and to be part of the budget planning process for the province of Ontario. Our joint presentation is intended to accomplish the following: first, to strengthen the government's awareness of the positive outcomes of community-based health and social services; second, to illustrate the innovative and measurable ways the quality of life of Ontario citizens is being enhanced by client-centred and cost-effective models for program and service delivery; third, to demonstrate the synergies of the Anne Johnston Health Station/SPRINT quiet win-win partnership; and fourth, to tug at the heartstrings and purse strings of the government of Ontario when it comes to investing in sectors that are making proven contributions to health treatment, prevention and promotion, to innovation and community capacity, to independence and choice, and to the equality and diversity of need for all Ontarians.

Our presentation takes the following format: Jane Moore will provide you with an overview of SPRINT and the effectiveness of the SPRINT community-based

services model. I will provide you with an overview of the model of community health centres, using the Anne Johnston Health Station as a reference point. We will also demonstrate the value and effectiveness of our partnership. Finally, we will highlight the challenges that we face and the opportunities that the government of Ontario has to reach out and meet the extraordinary needs of ordinary Ontarians, to use resources wisely and to create innovative and cost-effective solutions in the heart of our communities.

I would now like to introduce Jane Moore, executive director of SPRINT.

Ms Jane Moore: Good morning. I am Jane Moore, the executive director of SPRINT, Senior Peoples' Resources In North Toronto. SPRINT is a not-for-profit, neighbourhood-based community support service agency under the direction of a volunteer board drawn from our community.

SPRINT is a member agency of the Ontario Community Support Association, which has about 360 members and represents 25,000 staff and 100,000 volunteers across Ontario. The cost to the Ontario Ministry of Health to fund these agencies is \$300 million, and that is 1% of your health care budget. Last year, our agencies provided services to over 750,000 seniors in Ontario, using both paid and volunteer staff, and volunteers donated 2.5 million hours of service.

Community support services like SPRINT are mandated to provide a wide range of services for the purpose of helping seniors continue to live at home. Continuing to live at home is the heartfelt desire of every senior in this province, and the mandate of community support service agencies is to help this come about.

The service continuum that SPRINT provides includes Meals on Wheels, friendly visiting, transportation, community dining, social work, respite care, homemaking, in-home palliative care, supported education groups for families dealing with dementia etc. We also provide an adult day program for people with dementia in a very special partnership between SPRINT and my partner here, the Anne Johnston Health Station.

As SPRINT provides services to help seniors continue to live at home, so we also support and provide a safety net for stressed family members caring for their aging family members. In the past year, SPRINT served 4,000 clients plus their families.

SPRINT makes a strong, positive contribution to the health and well-being of our community, but our ability

to continue to do so is in serious jeopardy. We receive some funding from the city, from the United Way and from fees and private donations, but it's the provincial Ministry of Health that is our most important funder. We have received total increases to our base budget in 11 years of 3%. Clearly, that cannot continue. So we were so glad that Dalton McGuinty recognized this in the election campaign. He wrote us a letter, and I'll read from the letter: "We agree that a good start would be to use the first budget to resolve the underfunding of community support services by increasing the base funding by 25%." Now, we know that many things happened in the interval.

Mr Chairman, we are sitting on the edge of disaster. The Toronto District Health Council, in a recent report, described the community support sector, my sector, as "the final frontier of health care." When hospitals reduce services, the CCACs and community support service agencies may be able to fill in some of the gaps. But if the community support sector reduces services, there is no further safety net and families and individuals are left to fend for themselves. Community support service agencies are in dire financial straits and are facing deficits that will result in client service reductions, and I believe there will be agency closures in 2004-05.

The community support service agencies have a real possibility of being a vital part of the solution to this province's health care dilemma. Better funded, we can keep even more people out of emergency rooms. We can help even more people be discharged faster from hospitals. We can delay even more expensive premature placement in institutions. We can help even more families shoulder the burden of care so they can carry on without quitting their jobs or suffering from costly stress-related illness.

With stable and appropriate funding, the community support service sector can continue to deliver services in unique and creative ways that maximize this government's funding dollars. Currently for every \$1 spent by your government, Ontarians receive about \$1.40 worth of services, due to the contribution of our many volunteers. The community support service sector performs miracles, receiving only 1% of the province's health care budget. Imagine what we might do with 2%. The community support service sector is able to be a foundational part of a low-cost, people-friendly solution to the health care crisis in Ontario.

Now I will pass it again to Brenda McNeill, who will tell you about community health centres in Ontario and in particular about the Anne Johnston Health Station.

Ms McNeill: Primary health care is the first level of contact that an individual, family and community have with the health care system. Primary health care includes health promotion and disease prevention, diagnosis and treatment, and supportive and rehabilitative care.

Traditionally, the first point of contact with the health care system has been with a family physician in a solo practice. However, as pointed out by Michael Decter, the chair of the new federal health care council, primary care

renewal is aimed at the creation of large practices with physicians, nurse practitioners and other health care providers. This is a good fit with primary care renewal. The community health centre model meets these goals. Michael Decter's suggested model is the community health centre model: multi-disciplinary, cost-effective, and client-centred.

Throughout Ontario there are 55 community health centres, typically located in areas of high primary health care need. There are 22 CHCs in the city of Toronto. Community health centres work hand in hand with their communities, providing primary care services reflective of the community's needs, particularly for those with barriers to access. Community health centres are not-forprofit, are governed by a volunteer board, have a multidisciplinary team of professionals, operate on extended hours and are primarily funded by the Ministry of Health and Long-Term Care.

Mr Chairman, 55 community health centres across the province providing programs and services to thousands of Ontarians rely on less than 1% of the health care budget.

Each community health centre draws its clients from defined catchment areas and, in some circumstances, may also draw unique client populations from a broader area.

The community health centre model is a proven model. Our multi-disciplinary team of professionals—nurse practitioners, physicians, counsellors, health promoters, clinicians, and others—work together to meet the client's needs. The model is cost-effective. Salary controls are in place. Growth and service expansion is predicated on creative and innovative solutions. Advances in technology are bringing increased levels of accountability. The well-being of the province's most vulnerable populations is being enhanced.

At the Anne Johnston Health Station, reproductive health services, health promotion and counselling are provided for youth. Barrier-free clinical and community programs and services are offered to our clients with cerebral palsy, spina bifida, multiple sclerosis, quadriplegia and paraplegia, and other physical disabilities. Primary care services are available for seniors. We also bring well and frail homebound seniors to the health station to participate in social programs. The Anne Johnston Health Station is working for its communities.

Community health centres need to be recognized as mainstream providers of primary care in the province of Ontario. Community health centres have not seen a significant increase in operating dollars in the past decade. Community health centres are positioned to reduce the number of costly encounters with the hospital sector. Community health centres are an example of the smart use of resources. Community health centres have been in operation for more than 30 years, and more than 100 Ontario communities want a CHC. Community health centres are the solution to increasing health care demand within an environment of scarce resources.

The partnership that we have with SPRINT is a very important relationship, illustrated nicely with the following story.

Ms Moore: This is a story about John Smith—obviously not his real name. He is an 83-year-old immigrant who has been in Canada for many years. Most of his working life was on the railway. He is a large man and a former world-class boxer. His family life has been troubled. His adult children are currently all alienated both from each other and from him. He particularly misses contact with one grandchild, whom he has been cut off from for several years.

Physically he has lots of problems. He has heart and vascular disease and diabetes, and is blind due to complications from the diabetes. He is medically complex. His income is about \$20,000 a year. He is a gentle,

gregarious and outgoing man.

At the time that he came to the attention of SPRINT in 1999, he had had major surgery in Barrie, where he had lived for a long time and was socially well connected. Post-surgery he could not live on his own and agreed to move to Toronto to live with his daughter. He soon felt isolated, unsure about his financial situation and very beholden to his daughter. Through the CCAC he was referred to SPRINT to help untangle his finances, help improve the family dynamics and provide opportunities for socializing.

The SPRINT social worker noted that John was not happy with the new physician that he'd obtained in Toronto. So social workers suggested a physician at the Anne Johnston Health Station, and that connected John to the services available from the Anne Johnston multidisciplinary seniors' home health team, which includes SPRINT social work.

To give you just a bit of a sense of John's dilemmas, here are a few of the crises that occurred:

After four years of living with difficult family dynamics, the daughter he was living with decided she wanted him out. There he was: without help, blind, and he had to find affordable housing suitable to his disabilities. Poor management of his diabetes resulted in medical crises. Finally, it was believed he was robbed, and the police were involved. Throughout these crises, the Anne Johnston multidisciplinary team closely monitored John.

The Anne Johnston medical team and the SPRINT social work team did joint home visits. They worked with John to develop the best plan of action, and we want to note that the plan of action was developed with John. This philosophical approach is vital, because it builds both client confidence and competence in dealing with life situations. It achieves a lifelong goal that we all in this room share: independence and choice.

John is a very sociable man and is prone to depression if he has no social outlets. So both SPRINT and the Anne Johnston have encouraged John to participate in what we call peer support groups. John is a happy participant. Indeed, he is a star player in these groups. He adds fun to the groups with his good humour and ready jokes. His positive, supportive attitude and considerable insight and wisdom lift and encourage the spirit of the other members of the groups.

So to wrap up the story, here are some of the positive outcomes for John:

SPRINT and the Anne Johnston staff and volunteers have been successful in not only solving, but averting, a number of potentially devastating social and medical crises. John's independence, self-esteem and ability to make decisions have improved. Access to service and continuity of care were significantly improved by the partnership of our two agencies. Social isolation has been prevented, and John's positive contributions are enriching the lives of others. John is highly satisfied with the care and the services he has received. These positive outcomes and low-cost interventions prevented costly revolving-door hospitalizations and/or institutionalization.

Over to Brenda again.

The Chair: I want to remind you that you have about two and a half minutes left in your presentation.

Ms McNeill: In the interest of time, I'll wrap up quickly. You have a hard copy in front of you. You can follow along on the notes.

In conclusion, we really ask for two commitments from the government of Ontario: resources and recognition. We urge you to increase your investment of resources in the community health centre and community support services sectors. We also urge you to recognize the value of the community health centre and community support services to ensure the well-being of the province of Ontario residents.

We congratulate the new government as it is poised to introduce new thinking and new models for health care based on a foundation of cost-effective, community-based primary care. Resources and recognition are worth the serious consideration of your committee as you undertake the very important task of establishing a provincial budget and, more importantly, planning the future of this province.

In the remaining time we'd be happy to take any questions.

The Chair: We only have time for a question from one party, just a little short of two minutes, and this will go to the official opposition.

Mr John O'Toole (Durham): Thank you for your presentation. I'm familiar with the CHCs. They are a very respected model in Ontario for providing collaborative health support. I imagine, just reading the clips this morning, that the minister said yesterday that there'd be an emphasis on public health to prevent illness, focusing on home care rather than hospital care, and increasing the role of pharmacists, therapists, nurses and nurse practitioners in dealing with patients. So you've made an impression. The only thing I'd ask you for is a copy of the letter that you referred to in your presentation from the Premier, promising more money.

0920

I don't really have any questions. I'm fairly familiar with the model. I've actually been on panels with Lyn McLeod and Shelley Martel, trying to defend why we didn't put more money into health.

Ms McNeill: In health centres?

Mr O'Toole: In fact, we did through access to care centres. They were really the new part.

I guess if I had a question in a structural sense—how could we all pull together, not just SPRINT and the Anne Johnston centre? I find there is still, at the community level, a fair amount of fragmentation, not to be critical. The community care access centres, and community care in each of the regional levels of government as well as respite, hospice, attendant care—there are about six or seven providers, as well as Extendicare, where you have a few days away from the home because you've had an operation or a fall. There needs to be better collaboration among the providers at the community level, outside of the hospital environment—that's a whole different deal, the acute care thing.

Ms McNeill: I'd just add that we are in total agreement with that. We recognize the gaps in service and the fragmentation across the system. In a quiet kind of way, the community health centres right across the province are working to close those gaps in service delivery. In particular in the city of Toronto, the 22 CHCs are now talking about shared boundaries and closing in what we call white space, which are areas of the city that are not covered by community health. So we're in total agreement with that.

The Chair: Thank you for your presentation this morning.

CANADIAN VEHICLE MANUFACTURERS' ASSOCIATION

The Chair: I call on the Canadian Vehicle Manufacturers' Association. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you wish. I would ask you to identify yourself for the purposes of Hansard.

Mr David Adams: Good morning. My name is David Adams. I'm the vice-president of policy with the Canadian Vehicle Manufacturers' Association. I'd like to thank you for the opportunity to appear before the committee today to present our recommendations for your consideration as you conduct your pre-budget consultations.

The Canadian Vehicle Manufacturers' Association is the national association for Canada's leading manufacturers of light and heavy-duty trucks. As you are aware, the automotive industry is the economic engine of the province, providing approximately one out of every six jobs, directly or indirectly, and contributing about 20% of Ontario's manufacturing GDP.

In 2003, our member companies produced roughly 1.9 million, or 76%, of the over 2.5 million light duty vehicles that were built in Canada. We sold approximately 925,000, or 58%, of the 1.58 million light duty vehicles sold in Canada. Over the past decade, our members have invested over \$20 billion in new technology and facilities into Ontario.

At 1.9 million sales last year, they were down about 6.4% from 2002. Sales for 2004 are forecast to be in the 1.56-million to 1.57-million range, or down another 3% to 5% from this past year.

As some of you are aware, January sales in our industry were dreadful, down 11.5% on a same-period-last-year basis. That's the worst January we've seen since 1998, when on an annual basis only 1.38 million vehicles were sold, again, as opposed to the 1.7 million that were sold in 2002.

We also export about 85% of what we produce to the United States, so there is some concern about waning consumer confidence there that's been identified in some of the recent polls that have been taken.

We were, however, pleased to see that the auto sector was identified by the current government as a priority sector for action and policies to renew investment and retain investment in this province. Strategic policies such as the Auto Pact and free trade have played a crucial role both in developing this large and productive automotive industry and in terms of creating auto assembly and auto parts jobs in Canada. However, there have been significant changes to domestic and international policy throughout the 1990s that have undermined the effectiveness of these policies and their ability to draw investment into Ontario.

Our recommendations:

Health care: Health care in the province has been touted as a significant competitive advantage for companies, both to sustain current investment and to attract new investment into the province. Our CVMA companies have over 300 years of collective history contributing to Ontario. This long history has created many associated costs of doing business today, not the least of which are health care and pension costs. Currently our members have an employee-retiree ratio of roughly one to one. Over time, changes to government policy affecting health care have resulted in the delisting of many medical services. In most cases, the costs for these delisted services are being picked up by private insurance, which is provided by employers. The impact is far more significant for companies that have a long history and a large unionized workforce. As a result, health care costs have become one of the largest annual cost increases. I think everyone around the table is aware of how health care costs are increasing at an exceedingly high rate. Our members now face an average annual growth rate in health care costs between 7% and 10%.

The CVMA therefore recommends that the government establish a review committee to study health care costs and the impacts for the private sector of potential further cost shifting.

Fiscal and investment policy: Multiple factors drive investment decisions by corporations. Within NAFTA, the United States has the advantage of market size to encourage investment, while Mexico has labour cost advantages. One clear area for Canada to become a more attractive location for investment is creating a hemispheric competitive tax policy that improves after-tax return on investment.

By leveraging the corporate tax system to encourage capital investment, Ontario can maintain and create a large volume of highly skilled, high-wage and high-taxstream jobs. Such policies will cultivate a corporate tax base that will assist in providing revenues for other priority areas such as health care, education, infrastructure and the environment. We believe that the areas of focus for an automotive investment tax policy must include the following:

Capital taxation: We recommend that there be a commitment to phase out capital taxes. This could be a scheduled phase-out of all capital taxes beginning in the next fiscal year. This would match commitments already made federally and remove a barrier to investment as well as strengthen the competitive position of the automotive industry in the province and would also support the intention Minister Cordiano announced yesterday to bring a new automotive strategy to the province.

Corporate taxation: The CVMA, as well as the government of Ontario and other forums, specifically CAPC, the Canadian Automotive Partnership Council, has been encouraging the overall reduction of corporate tax rates to create a competitive tax advantage for manufacturing within NAFTA. We were disappointed that the reductions to corporate tax rates were cancelled at the end of last year. The CVMA strongly encourages the province to reconsider corporate tax rates, with a view to reducing them in future years.

Investment tax credits: The CVMA would also recommend that the provincial government implement an investment tax credit or provide a tax incentive in the form of incremental deductions or superdeductions to make it more attractive for auto manufacturers to invest in new machinery and equipment in their Ontario facilities.

Personal income taxes: Vehicle affordability remains a concern. While we did have record sales in 2002, those came at the expense of significantly high incentives on vehicles. Currently in the United States—and it would not be too dissimilar in Canada—the incentive on vehicles sold is about \$2,700. In Canada, the average vehicle transaction price remains at about 140% of personal disposable income, as opposed to 101% of personal disposable income in the United States. While we recognize that planned reductions were not implemented at the beginning of 2004, we recommend that the government revisit the possibility of personal income tax reductions in the future.

0930

Trade and infrastructure: As a highly integrated industry across North America, the automotive industry relies on seamless transportation between Canada and the United States to ensure that our facilities operate efficiently. Our sector accounts for roughly 25% of the two-way trade between Canada and the United States. The vast majority of that travel takes place in southwestern Ontario and in particular over three bridges, in Windsor, Sarnia and Fort Erie.

As a result of this high level of integration, we have been actively engaging the governments of both Canada and the United States to implement changes in customs regulations to streamline the processing of shipments across the border. We have worked with both governments to implement the 30-point action plan that Governor Ridge and former Deputy Prime Minister Manley developed, and our members have been the first to implement new programs such as FAST, the Free and Secure Trade program. However, programs aimed at expediting border crossings do very little if the physical infrastructure that carries goods and people to the border is outdated and inadequate to handle current volumes.

The CVMA recommends that the province, partnering with the federal government, increase funding for physical transportation infrastructure that will sustain current and future trading demands; partner with the federal government on the creation of a new border crossing into the US through the critical southern Ontario region; and create an uninterrupted access from Highway 401 through to the US interstate system.

Alternative fuel vehicle rebate: Traditional gasoline internal combustion engines have evolved significantly over the last number of decades and have made significant advances in both fuel economy improvement and emissions reductions. Internal combustion engines are expected to dominate the Canadian fleet for the foreseeable future. However, vehicle manufacturers have concurrently spent billions of dollars developing and bringing to market traditional alternative fuel vehicles those would be propane and natural gas, for instanceand advanced technology vehicles, such as hybrid electric and fuel cell vehicles. The alternative fuel vehicles—propane and gas—have not been significantly adopted by the Canadian marketplace to date. This is primarily because consumers are familiar with internal combustion engines, which are very efficient and continue to serve them well.

Fuel conservation tax: This has been a long-standing issue on the CVMA's agenda. Our concern is that it really addresses the wrong segment of the vehicle population. The tax for fuel conservation applies only to new vehicles, which represent only about 8% of the vehicles on the road, and these new vehicles are also the cleanest and safest vehicles on the road. By comparison, the oldest 20% of vehicles on the road are responsible for more than 80% of vehicular pollution. It strikes us that perhaps this is taxing the wrong segment of the vehicle marketplace.

The government of Ontario should acknowledge that the tax for fuel conservation is not supporting environmental policies and should be eliminated as soon as the fiscal position of the province improves.

Mr Chairman, we're open for questions.

The Chair: We have just over two minutes per party. We'll begin with the NDP.

Mr Michael Prue (Beaches-East York): My apologies to all for being a little late this morning. I'm sorry I didn't hear the whole thing, but what really grabbed me is that you're the first group—and we've been doing this for 15 days—that wants us to lower personal income taxes. We have homeless in the streets, waiting lists of 14 years for public housing, schools in disrepair, a hospital system that doesn't work, and you want us to reduce

taxes. Can you tell me, in the face of everything else—other than selling cars—why that's a good idea?

Mr Adams: I think we recognize that the province is dealing with a number of challenges, all of which you've outlined. I guess some consideration needs to be given to looking at what the consumer can effectively do in the marketplace. Presumably if taxes are somewhat lower, consumers will spend more, generating more tax revenue. That's one line of thinking, in any event.

Mr Prue: That was the line from the previous Conservative government, which not one reputable economist

in the world buys into. Do you buy into that?

Mr Adams: As I said, I think we recognize that the government has a number of competing priorities, and that might not be at the top of the priority list.

The Chair: To the government.

Mr Tim Peterson (Mississauga South): We had a presenter yesterday who said that the advent of the free trade agreement and the demise of the Auto Pact substantially reduced high-paying manufacturing jobs in Canada. Over the last five years there has been a major decrease. Do you have any comment on that?

Mr Adams: In terms of the free trade agreement

actually reducing high-paying jobs?

Mr Peterson: Yes, in the manufacturing sector.

Mr Adams: I think there was some adjustment, if you look at the implementation of the free trade agreement. There was definitely some adjustment when the free trade agreement, followed by NAFTA, came into play in terms of parts firms, for instance, locating in different jurisdictions. The free trade agreement and NAFTA have created an environment where it is almost indifferent where you put your investment. There are certain factors, as I mentioned at the outset of our presentation: The US has market size; Mexico has cheaper labour. The challenge we face in Ontario and Canada is what factors we can bring to bear that will ensure we get some of this investment and reinvestment in our economy.

Mr Peterson: Do you think the four- to five-mile-long lineups of trucks at the borders right now is a non-tariff

trade barrier with the United States?

Mr Adams: I don't think it is. If you look in any of the literature out there, it has been made abundantly clear by the US that their priority is security, as opposed to trade. I can see how one could draw that conclusion, though, because it does seem that no matter what we try to do on this side of the border, it's often difficult to ensure that we can get the traffic across the border. It is an issue, though, that is at the top of our priority list, and we need to work on it aggressively.

Mr Peterson: You say in your submission that the PDI, the personal disposable income, of Canadians is 140% of vehicle cost. Could you send us the details of that calculation. I've never seen that before. It's an

interesting calculation.

Mr Adams: Sure.

Mr Peterson: If you could make that available to the committee, that would be great.

Are you as an industry aware of the new hydrogen technology that injects hydrogen into combustion engines

and reduces pollution? Is this of interest? Are you doing R&D on less-polluting engines?

Mr Adams: I know that is being undertaken right now. I believe it is Stuart Energy, if I'm not mistaken, that's working with at least Ford, that I'm aware of, and is looking at ways of using hydrogen in an internal combustion engine. That may be one potential application of moving away from gasoline dependence into hydrogen without moving into a fuel cell application or something like that.

The Chair: We'll move to the official opposition.

Mr O'Toole: It's good to see you made it, Dave. It must have been a tough drive this morning. I have a great deal of respect for the auto industry. I have a couple of points on the hydrogen alternative fuels. I think Mr Peterson was referring to a new technology. GlobalTech is using hydrogen as a catalyst in the traditional combustion engine. It's quite different from hydrogen, which is basically an electric car.

I just want to briefly make a statement and then run it by you to see if you can respond without being tied too tightly to the politics of it all. Mr Prue basically started off by saying that every presentation we've had asked for more money. Basically the total requests now are about \$9 billion in additional spending. Many of them are very hard to argue with—almost impossible, because it tugs on the heart. It's an emotional, compassionate issue, as if those who don't spend the money aren't compassionate. There is a lot of pressure on them to make one fatal decision: increase taxes.

My point is this: Tax policy in a globally competitive economy is absolutely critical, however micro, whether it's the capital tax question, corporate tax, fuel tax or other non-value-added-type taxes—payroll etc. I simplistically believe there is a point where, by increasing taxes beyond that point, you actually reduce revenue. That's what I believe is the case. Whether it's health taxes, employer health tax or just tax on benefits or pension law and all these things that create the employer liability issue, they are extremely important in the current global context.

0940

Most of the technology could be done in Taiwan and just sent by satellite here. I don't think a lot of people really understand that that policy has to be absolutely micromanaged so you're competitive.

Jack Mintz from the Rotman school of business gave an extremely good presentation about the whole bundle of tax burdens on industry, and here's the point: Which came first, the standard of living or the economy?

Laughter.

Mr O'Toole: Mr Colle, if you're trivializing, it shows your pure misunderstanding of all of the policies we're talking about. We can disagree, but it isn't trivial. You may find yourself alone on this issue.

My point is this: Which came first, the standard of living or the economy?

Mr David Penney: I don't think there's any doubt that the economy comes first. Productivity from the econ-

omy is what's going to generate your revenue, what generates the jobs, and the jobs are held by people who pay taxes. So there's clearly a balance that has to be found, and I think, in part, what we're saying here is that Ontario is probably one of the most robust economies in North America, if not the globe, and you have to pay attention to the amount of tax you take from the system and balance that with the expenditure priorities that you have. I would say that what you would like to do is—obviously there would be an insatiable appetite for tax revenue. There are all kinds of things you could do, but I think you do have to pay attention to your competitors, in particular the US, which has much lower personal tax rates. Really, that's the point we're making: There's a ceiling, and you have to operate within that.

The Chair: Thank you for your presentation this morning.

Before you move away, there was a request for some information. If you would provide that information to the clerk, it will be shared with all members of the committee.

TORONTO PARENT NETWORK

The Chair: I call on the Toronto Parent Network. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questioning if you so desire, and I would ask you to identify yourself for the purposes of Hansard.

Ms Cathy Dandy: My name is Cathy Dandy. I'm with the Toronto Parent Network. On my left is Cassie Bell, also on the steering committee. Further to my left is Janet de Ruiter. I have also brought my children: Daniel Malcomson, Rebecca Malcomson and Tabitha Malcomson. I'll speak about why they're here in a minute.

The Toronto Parent Network would like to begin by thanking the standing committee on finance and economic affairs for having us in to present today. Over the past five years, the Toronto Parent Network has played a vital role in informing and connecting parents in the city of Toronto, helping them to understand the changes that occur in education and their school board and providing opportunities for them to voice their concerns and their vision.

We want to start by telling you a story. The previous government's policies had a profound impact on education in Ontario that has been documented extensively, most of it critical. I refer you to the reports from People for Education, the education equality task force, the Ontario Institute for Studies in Education and our own reports, to name just a few. But we want to tell you a story of the Toronto board.

Inevitably, the takeover of the Toronto District School Board by the former Conservative government was a politically charged event. Different sides describe things differently. For the Conservative government and the newly appointed supervisors in Ottawa, Hamilton and Toronto, the takeover was justified by the perceived dysfunctional behaviour of trustees who couldn't balance

their budgets. But for the majority of the trustees here in Toronto, for example, their refusal—not their inability—to pass a provincial compliance budget was a politically principled protest and a responsible representation of the interests of their voting constituencies and the students in Toronto's public schools.

This was a long and difficult fight that the trustees, who refused to pass damaging budgets in the first place, won. There was no dysfunction on the part of trustees; merely the time-consuming, messy, difficult process of democracy in action. I'm sure everyone here can relate to that

It is interesting that the Conservative government's own expert task force, headed by Dr Mordechai Rozanski, clearly vindicated the stance taken by the majority of the TDSB trustees when it showed that public education was being woefully underfunded across the province.

In a media release dated December 20, 2002, the then Ontario Liberal Leader, Dalton McGuinty, said, "Students in three cities have been harmed by the Evesordered takeover of school boards. Cuts have been made, and decisions on future cuts made, that are not in the interest of students." McGuinty called on the Eves government to fire the school board supervisors. He stated that the Rozanski report proved the Eves government, not the boards, was wrong and its deliberate underfunding was the crucial reason for problems balancing budgets. "Eves declared martial law against our schools when he took over the boards," McGuinty said. "Martial law has to end so we can restore services for kids."

The verdict of people in Ontario in the defeat of the Conservatives was that the irresponsible ones were not the trustees but the provincial government and its appointed supervisor, Paul Christie, in Toronto. The people of Ontario and the newly elected government agreed that the budgetary crisis and the subsequent takeover of the board was the fault of the previous government, and not the people who resisted bad planning and damaging cuts.

Moreover, here in Toronto, the original position of the trustees that about \$100 million in additional cuts would do unacceptable damage to an already underfunded system has been completely vindicated by the fact that Paul Christie, whose prime directive was to make those cuts, could not do it. It turns out the majority of the trustees were right, not only on general principles but also on the budget specifics.

We are not telling this story to rub salt in anybody's wounds. The point is a positive one: namely, that this conflict is now settled. But it is important we acknowledge that a verdict has been rendered in this dispute—delivered by the voters of Ontario and confirmed by the new government—and it favours the elected trustees who refused to balance the budget. Toronto was not burdened with a dysfunctional or irresponsible board of trustees. The true burden originated in bad provincial government and inadequate budgets.

People in Ontario felt hopeful that the problem was solved by the election of the new Liberal government.

But in Toronto, the problem hasn't been solved. Supervision is not over. The co-management team that replaced the supervisor remains. Supervision by another name is still supervision. What does that mean for our trustees and, by extension, for our students? It means that, despite the story just told, despite your leader's statement, the trustees are still being asked to cut money in order to be granted their full trustee powers.

Tomorrow night, they will vote whether to cut an additional \$6 million from the Toronto District School Board budget in order to get rid of supervision. We could argue that that's a small amount. We could say that staff did not report properly and that trustees have not taken charge. We could even say that some Liberals want the board to prove they can make tough choices. But what we as parents say is that in a board that has cut over \$300 million on an annualized basis, in a board that is owed \$250 million according to Rozanski, even cutting five cents will continue the erosion of resources that students so desperately need. I'll say it again: The takeover of our board was political and was in no way linked to bad budgeting.

If one penny of savings could be found within the Toronto District School Board, that money should go back to students. That our trustees are refused their power, are denied the opportunity to democratically represent us until they cut money, is wrong. This government owes the students of Toronto a minimum of \$250 million. In fact, the figure continues to climb because of inflation.

In an e-mail dated February 19, 2003, then Liberal education critic Gerard Kennedy stated, "Enough is enough." He went on to list the myriad of programs and services that had been cut. He went on, "It is unconscionable for the provincial government to insist on further cuts at the TDSB when Dr Mordechai Rozanski proved the board is short \$290 million." Kennedy said that the Eves government should immediately restore the education money it cut that year.

0950

Almost all the student services selected for cuts by supervisors were areas that Dr Rozanski recommended for increases: computers, special education, local programs such as outdoor education, small schools. Mr Kennedy asked, "Will the government let these programs be cut, only to restore them next year? How can cuts proceed when it is clear the dollars are owed to these students?"

I say those are good questions, Mr. Kennedy. Yet our board is poised to debate more cuts tomorrow.

This problem is not a Toronto problem; it is an Ontario crisis. The Liberal government promised to reinvest in public education. They promised to increase education funding by the \$1.6 billion recommended by Rozanski. They promised to review the funding formula. We read the appointment of Mr Kennedy as education minister as extremely significant—surely Premier McGuinty was aware of the signal he was sending by putting the educa-

tion critic in the job. We do not have to wait for Mr Kennedy to understand the issue.

It has been an exciting time for us since the Liberals were elected and Mr Kennedy was appointed the minister. Parents, like most citizens, were full of hope that the promised change would be real. Toronto Parent Network met with Mr Kennedy in late November and we began our first real dialogue with the provincial government. We all considered it an enormous step forward. But now we hear that the Liberals may cut as deeply as the previous government. They tell us this will be a bad year.

I think the most depressing moment in the past 100 days came when we were told by a senior government representative that we would have to come and justify education spending to this committee; that we, who have spent thousands of volunteer hours writing, speaking, gathering data, pleading, helping parents with children who can't get help, watching children—our own as well as the thousands that are not ours—struggle to cope with the erosion of resources, the crushing, narrow standard of the curriculum, the crumbling, unsafe, unhealthy conditions of our schools, that we should have to tell you why we should spend money on children.

We are being told to temper our expectations. The media questions the groups that ask for promises to be kept. Yet why is Premier McGuinty's request to temper our demands a reasonable one? Why is it reasonable to ask Ontario's children to wait after being shortchanged for eight years or more? Why is it reasonable to ask children to continue to wait while they fall behind and fail? I have always said it is fine to create standards for children, but the adults who create the standards have to provide the resources for the children to achieve those standards.

We will acknowledge that you have posted a \$5.6-billion deficit but that your structural deficit is really just under \$3 billion. The debate about the deficit cannot happen without looking at revenue and expenditure. To date, the debate has been restricted by the government's insistence that it would not raise taxes.

Public services in Ontario are in desperate need of rebuilding. More cuts are simply not possible. The people of Ontario understand this. The people of Ontario know they may have to pay higher taxes, taxes that will support better public services. In the case of education, I ask you: Which comes first, well-trained young people or the economy?

Our demand for adequate funding for public education will require an increase in revenue. There are choices. To say that there are no choices and cuts must be made, assets should be sold and promises must be broken is just not true. To say that we must cut to balance the budget is to say that you are only half a government. You will cancel the previous government's promises, but you do not have the courage to undo their poor fiscal decisions—a point of view that is increasingly shared by many fiscal conservatives—decisions that you voted against when in opposition; that is, the Liberals.

But even if you argued that there is no money right now, items like public education should not be funded based on whether the market is up or down and business is good or bad. Adequate funding for excellent public education must be provided in good times and in bad. It is the foundation of our children's success and our success as a society.

I want to talk about why my children are here. I brought them on a little field trip. I don't normally bring my children along, because I'm loath to be perceived as using them as props. They are far from that. They are what keeps me going; they are what provides the energy when I feel most low after eight years of doing this, and I have been doing this for eight years. I brought them on a field trip to show them that when I talk about "the government," it isn't some monolithic institution; there are people, men and women, who make decisions about their schools.

If you could just indulge me, are there any Conservative MPPs sitting here?

Interjection.

Ms Dandy: Excellent. That gentleman is with the Conservative party. New Democratic? Liberals? The Liberals are the ones who have the power right now.

Mr Mike Colle (Eglinton-Lawrence): We do? Ms Dandy: Yes, you have a lot of power.

I'm going to explain to you what the government is saying. They're saying they don't have any money. It's like when I say we don't have any money because I don't have a job and I'm looking for a job. And I decided not to have a job a long time ago because I wanted to raise you. But now, I need to find money. Otherwise, we have to cut hockey, drama, skiing, snowboarding, piano. But because I made a decision a long time ago not to get a job, I can't change my mind, so we're going to have to cut all those things. You guys can't have those things any more.

But that's not true, is it? I do have a choice. I can go out and find money and keep paying for you. That is the responsible thing to do and that is what we are asking the Liberals to do: Go out and find money to pay for the things our children most desperately need.

In this case, what they need are the absolute basics in their schools. My children are watching a government that has continued for eight years to refuse, and indeed continue to erode their system. Daniel was this size when it started eroding. Is he going to have a beard when we get to the point where he finally gets to see the system rebuilt? I don't think so.

It isn't just my children. My children represent the children who have been denied ESL instruction. You can go through the list there: We've lost 60% of our ESL teachers in the board; 20% of the schools that have ESL students have no ESL teacher; 11% of schools have no music teacher; 13% of schools have no teacher-librarian, despite conclusive evidence that says teacher-librarians are the most direct link between children and literacy; 36% of children have no phys ed teacher—and in the paper today, again an article on the obesity crisis.

Class sizes of 30 or more are climbing. Youth counsellors who deal with suicidal youth—in Daniel's school, the principal said he regularly deals with kids who slash

themselves. They have no help any more. Guidance: 80% lost. Filthy, crumbling schools—I draw your attention to the health and safety report. Asbestos, vermin, fire hazards, tripping hazards. I could go on and on and on, and I shouldn't have to.

My children represent all the children who are touched by these things. You have to look at them and decide whether it is up to them to live in this kind of system or whether indeed they should be valued.

Should we temper our requests? Parents will not, because it would betray the promise of our children. It would be wrong not to demand that the government fulfill its promise to the students in Ontario; it would be irresponsible not to insist on an investment in children that would pay enormous dividends for Ontario, economically and socially; and it would be tragic to allow the potential of these youngsters to remain untapped and their dreams unrealized.

Premier McGuinty is quoted as wanting to be the education premier. I went on the Liberal Web site to look at your platform that's still there, the education platform, and it talks about character education. Character education and good character is about honesty, keeping your promises, helping those less fortunate, valuing democracy, being fair and having courage.

That means Premier McGuinty and the Liberals will have to be honest with children and tell them that real change costs money. Premier McGuinty and the Liberals will have to keep their promise to children and not ask them to wait for the help they need now. Premier Mc-Guinty will have to value democracy and end supervision immediately, with no more cuts to our school system. Premier McGuinty and the Liberals will have to be fair and assume the full cost of education in Ontario: over \$1 billion of Rozanski, the government's underfunding of salaries and utilities. That means the government's not paying its bills. Premier McGuinty and the Liberals will have to have the courage to stand up for children by finding the necessary money immediately—all of it. Premier McGuinty, by modelling character education for our children, would become the education Premier.

We're going to just quickly read through some comments that parents have provided to us about the state of their schools.

I would also like to direct you to our tracking report, which is what we undertake to do on an annual basis. It will give you a very good idea of exactly what has been lost in the Toronto system during the last year. This is a year-to-year survey that's done.

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The other thing that we've undertaken to do, all on our own, is a health and safety report. The pictures are graphic. We actually chose to have them printed in colour, and some of them are fairly shocking, because this is what—not in every school—our children live in day by day. Just to let you know, there is a \$400-million-plus outstanding capital maintenance bill owing at the Toronto District School Board.

Ms Dandy: We will be producing another one of these this year.

Ms Cassie Bell: The other information sheet we included for you is actually a TDSB budget sheet from a January 28 board meeting. I'd like to point out to you that it shows \$256 million in cuts have been actualized so far, and I find it fascinating that Rozanski is showing that we are owed anywhere from to \$250 million to \$290 million. The answer is pretty clear.

These are real comments from real parents. I thought you might be interested in some of these. They've been gathered previous to the election, but within the last year:

"The overall cleanliness of the building has gone way down. The lack of additional adults (ed assistants and caretakers) in the building means that schools are not the safe and secure places we have come to know and love in Toronto."

"Last year, my child was in a hallway in his school and an intruder made his way into the school after approaching the school twice in previous weeks and being chased away by parents. He made his way in without any problem at all. He approached my child in a hallway on his own and he asked him if he'd like some candy. My son had the presence of mind, at six years of age, to run away and run back to his teacher. This was during the time they were looking for Holly Jones's murderer. Had that man grabbed my child, he could have exited the school unseen. May I suggest that video cameras are not the answer, but if we had had our seven caretakers, our secretary, who knows each and every one of our children, and ed assistants who could actually take care of the attendance file, then my child would not have been alone in a hallway. I take this very personally."

The Chair: I'd like to remind you that you have about a minute left for your presentation.

Ms Dandy: I think I will read two more:

"Why are the children who are most at risk put in the greatest jeopardy? Parents can't stand by and let programs and people vaporize while the kids lose weeks and months that can't ever be made up. We are letting our most needy students down and setting a horrid example for the remaining student body to behold."

Finally, "We have tried to do our best to support our students, staff and community as a parent council." Parent councils do take these things very seriously. "At times, we have felt overwhelmed by the negative and somewhat disheartening attitude of today's government," referring to the Conservatives. "We want our children to have the best possible education that our tax dollars can buy. We fully believe that today's youth are tomorrow's future. We hope that any form of inspiration, enrichment and encouragement provided to our students will always be maintained, supported and demanded by all parents, teachers and governments in the future." That would be the Liberals.

The Chair: Thank you very much for your presentation this morning.

CHIEFS OF ONTARIO

The Chair: I call on the Chiefs of Ontario. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of

Chief Donald Maracle: I am Chief Don Maracle of the Mohawks of the Bay of Ouinte.

Ms Tracy Antone: Tracy Antone, health coordinator for Ontario.

Chief Maracle: Good morning. Bonjour. Aloha. Ahneen, Sekon sewahkwekon. On behalf of the Chiefs of Ontario, I'm Chief R. Donald Maracle, representing the Ontario Political Confederacy and the chair of the chiefs committee on health for the Chiefs of Ontario. I would like to begin by thanking all of you for the opportunity to speak to you on behalf of the First Nations and to participate in the deficit hearings.

In Ontario we have 134 First Nations communities, geographically situated from the far north to the most southern point in Ontario. Each First Nation is geographically, economically and socially faced with some very unique situations and challenges. The commonality that each First Nation government faces is the health of our people. Ensuring that our children, elders and families can access a high-quality, publicly funded health care system that is appropriate for our needs and accessible to all is a major concern.

Our primary message: The deficit issue cannot and must not be used as an excuse or justification for allowing a private, second-tier health system to develop. First Nations can concur with the government that there must be a balance between deficit reduction and the provision of strong public services. Of particular concern to us is the health care system.

Our communities still experience some of the highest rates of poverty and poor health in Ontario. We already face barriers in accessing services. A fee-for-servicebased health care system would further erode access and, more seriously, could result in significant loss of life for our people. When health care becomes a commodity to be purchased rather than a right for all, then those with the least means and in the poorest health are pushed to the end of every waiting list. Today's message from the First Nations is important because it directly impacts on the government's agenda.

Our reality: First Nations people in Ontario live with the paradox of having higher levels of chronic disease while having less access to physicians and general practitioners. MacMillan and others reported on comparative figures between the National Population Health Survey and the Ontario First Nations regional health survey in the Canadian Journal of Public Health in May-June 2003: "Figures for chronic health problems are substantially higher than those from the Ontario portion of the NPHS," yet "only 65% ... had contact with a general practitioner or family physician while the rate was 81% for Ontario respondents to the NPHS."

What we need you to know is that we want to focus our efforts on health, healing and wellness, not just responding to illness. In Gathering Strength, the third volume of the Royal Commission on Aboriginal Peoples, good health/wellness was described as "the outcome of living actively, productively and safely, with reasonable control over the forces affecting everyday life, with the means to nourish body and soul, in harmony with one's neighbour and one's self, and with hope for the future of one's children and one's land. In short, good health is the outcome of living well."

The overall good health of most people in Canada is reflective of the wealth of the country. Most of that wealth has been generated from resources extracted from above, on and under the lands of First Nations peoples, which we used for many centuries before contact. It is well documented that Aboriginal peoples greeted newcomers from Europe with kindness, sharing knowledge about living in a climate harsher than most had been accustomed to and treating them with traditional remedies when they were sick. Our treaties were intended to formalize the sharing we were already offering and practising. Yet several centuries later our communities are struggling with high rates of poverty and illness, and many still lack basic infrastructure that others in Ontario take for granted for the protection of individuals and communities: safe water, proper solid waste and sewage treatment and safe housing. Our treaties remain unfulfilled and largely dismissed and ignored by governments.

Most people in Ontario would be shocked to know that in the 21st century, less than 60% of the housing stock on reserves is considered adequate. In fact, many houses remain overcrowded and even unsafe.

Overall, we are very troubled that the decisions taken by governments fail to consider a holistic view. This is a disservice to everyone in Ontario, not just First Nations people. An example is the constant focus on hospital and medical service components of health care, with very little discussion about the population health approach, which considers determinants such as income, educational attainment, safe and secure housing, access to health services and the like.

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If we invest appropriately in society, there are dividends down the road which produce ongoing returns in a stronger, healthier and more productive community. However, under the guise of deficit management, over the past 10 years huge cuts to needed investments in social, health and education programs were made. How much of the current demand on health services results from the decisions made to cut services, taxes and also the incomes of the poorest in our communities?

We need greater capacity to achieve our vision of a strong, healthy, viable community. We also seek recognition that appropriate resourcing, both human and financial, is necessary to reflect the higher level of need.

Unilateral decision-making—examples include the current federal "consent" form and the 1998 provincial reversal of a commitment to provide much-needed funding for long-term-care services on reserve—has tested our capacity, and we are forced into a reaction mode when we really want to proactively build our health and community infrastructures. We need to be deciding

together. We want to build capacity, yet are overloaded with administrative and reporting requirements. These burdens placed on First Nations must be streamlined.

Capacity must include the ability to adequately plan based on sound knowledge and evidence and the right resources in the right place at the right time, doing the right work. Further, capacity must mean meeting current and emerging needs.

We want a voice at all tables where decisions affecting our communities are made. The Royal Commission on Aboriginal Peoples and the Romanow report affirm that the time for federal and provincial government levels arbitrarily making decisions around Aboriginal health is over.

Romanow's two recommendations on Aboriginal health actually reflect some of RCAP's resolutions, yet the 2003 First Ministers' Accord on Health Care Renewal notably varies from the Romanow recommendations by emphasizing the roles of government rather than Aboriginal peoples and by speaking of consultation rather than shared decision-making. We are very concerned about decisions being taken to address the deficit which may further erode opportunity for and entitlement to health services.

Recommendations to the Minister of Finance and Premier McGuinty:

- (1) Work with us to implement the measures that will improve our living conditions, opportunities, health and lives so that First Nations people can be strong contributors to the fabric of Ontario society.
- (2) Require that the health care system is high-quality, inclusive, universally accessible and accountable for all public funding.
- (3) Require that all designated federal funds, especially the Canada health and social transfer, be spent on improving quality, accessibility and affordability of the intended service. Further, it is time for us to have fair access to those resources to develop the health care systems and services that will bring improved health outcomes to the people in our communities. This will require First Nations leaders to know how many dollars are being transferred to First Nations within the social transfer payment.
- (4) Commit sufficient funds to renew and enhance the Aboriginal healing and wellness strategy.
- (5) Reduce unnecessary bureaucracy and administrative burdens wherever possible.

We want to thank the committee for the opportunity to appear and to review the recommendations from a First Nations perspective.

The Chair: We have about three minutes per party for questioning, and we'll begin this rotation with the government.

Mr Peterson: Could you send us a map of the 134 locations of your various groups, just for my information?

I think you must be a little bit enthused with Mr Bartleman, as our Lieutenant Governor, and Mr Martin, as our Prime Minister, who have both announced their assistance to the Aboriginal peoples. Mr Martin has said that it will be one of the key components of his mandate, and Mr Bartleman has set a fabulous example for all of us, and in his recent book, Out of Muskoka, which I'm currently reading, has given me a very graphic description of both the poverty and the mental health problems created through systemic discrimination against the Aboriginal peoples. I must say it's extremely revealing and helpful for me in understanding this.

In terms of going forward, can you be more specific for us also in telling us which of these administrative burdens you can help us get rid of, or we can help you get rid of? The day of us managing you is just the wrong concept. I think it should be self-management and that should be corrected as quickly as possible. But could you give me your views on that?

Chief Maracle: Tracy will respond to that question.

Ms Tracy Antone: I think the administrative burdens by both the federal and provincial governments remain with the communities when they have little bits of money that they have to report on extensively, when we know that the transfers from the federal to the provincial government don't carry the same requirements. We have work plans or quarterly reports. Every time bits of money are released, the First Nations governments, which have very little administrative help, have to fill out these reports, and we face many times where resources that are designated for First Nations come at a very late time in the year and you are expected to spent a lot of money in a short period of time. We don't believe that's the best use of resources. We have the ability to spend our money, but it needs to be flexible and responsive to our community needs.

Mr Peterson: If you could send us specifics on that, ways we can streamline that for you, I think it would be very helpful. Thank you for your presentation.

The Chair: Mr Wilkinson, you have a little less than a

Mr John Wilkinson (Perth-Middlesex): Thank you, Chief. As someone who grew up in Trenton, I'm always glad to see people from the Bay of Quinte.

I was unaware of the 1998 provincial reversal of a commitment to provide much-needed funding for long-

term care. Could you just expand on that?

Chief Maracle: In 1996, Jim Wilson was the Minister of Health. There was \$290 million reinvested to address long-term care in the province of Ontario. There was an Aboriginal strategy to provide \$21 million at that time; \$11.5 was targeted for First Nations communities on First Nations reserves. However, the government put out a call for proposals and funded about \$5 million of those projects. Other communities, such as the Mohawks of the Bay of Quinte, had a proposal in at that time, and the government then decided, "Well, we're not going to do any more until Canada brings some money to the table." As a result, the balance of the money, the \$6.5 million, was simply never spent. There has been very little, despite three meetings with the ministers—there was a meeting with Elizabeth Witmer and Dan Newman with

the grand chief from the Ontario Chiefs Committee on Health, Stan Beardy, and there was never a proper response.

So in terms of the long-term planning and what Ontario's constitutional responsibilities are, there have never been First Nations people involved in that process. There have been arbitrary decisions from government. Our people have a lot of pressing needs, and I believe that, constitutionally, Ontario must plan to provide services that are in the constitutional framework of this country and must be inclusive of Aboriginal people. So far, since 1867, governments have successively not provided many services. There have been many gaps in services because Ontario and Canada can't yet figure out who is responsible to do what.

The Chair: We move to the official opposition.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Thank you, Chief, for the presentation on behalf of the Chiefs of Ontario.

You mention the high levels of chronic disease and less access to physicians and general practitioners. I know what you're talking about. I represent New Credit and Six Nations.

What you indicate is perhaps a problem with priorities. You refer to the constant focus on hospital and medical services. The previous government did increase health funding—this is provincial dollars—from \$17.4 billion to \$28 billion.

I have several questions. That trend, I'm assuming, will probably continue, the focus on physician services and hospitals. Funding of that has been an issue in a number of the hearings before this committee. Do you feel that this province has a revenue problem? Do you feel that taxes should be increased for those people who pay taxes?

Chief Maracle: That really is a matter for the government to decide. You have much more information about the internal workings of government than I do. But I believe the health care system is important to people in every province in this country. It is something we cannot take for granted. Governments must make proper investments to ensure the health of communities.

Mr Barrett: As far as the funding—and it's always been my understanding that Aboriginal health care is a federal issue—

Chief Maracle: A responsibility.

Mr Barrett: We had an example. We travelled to Sioux Lookout. There's a new hospital being built in Sioux Lookout to replace two older hospitals. I'm not sure to what extent the federal government is stepping up to the plate. Do you have any comments on the federal role in health care? The general assumption is they look after health care on native reserves.

Chief Maracle: The federal government in Canada provides something called non-insured health benefits services, which really is access to medications and specialists on a referral basis. However, the OHIP system pays for much of the cost for hospital care, and the

province has made it very clear to us that long-term care is strictly a provincial responsibility.

Mr Barrett: One of your last points, on page 7, is the call to "Reduce unnecessary bureaucracy and administrative burdens" as they relate not only to health care but other government services. Maybe can you give us some advice about where a lot of this waste—whether it's federal or provincial—could be eliminated?

Chief Maracle: First of all, in First Nations communities there is really not a lot of waste, because there's not a lot of money transferred.

To give you an example, the Aboriginal healing and wellness strategy was funded 10 years ago. It's in its third stage of being renewed. There was never any money to—there were constantly budgets that did not provide increases to pay staff any additional wages. Most of the people who work in those programs, in comparison to the provincial and public sectors, are seriously underpaid. It's difficult to retain staff. As a result, to keep staff the council had to find some way to at least give them a token 2% increase during the last 10 years. The council had to provide endless reports to the government of Ontario on how that deficit was going to be recovered.

Finally, the community decided to have bake sales and sell tickets on quilts and all this kind of stuff. This is the kind of reporting that the First Nations community had to do to the province of Ontario.

The Chair: We'll move to the NDP.

Mr Prue: You are saying such great truths here. In terms of housing, I have travelled some parts of northern Ontario into some of the reserves and native communities and seen people living in tents in the wintertime. I have seen housing that is literally falling apart and communities that have almost no resources. You can go to communities like Peawanuck, Attawapiskat or Fort Severn and there's no road except in the winter. What you're saying about health is absolutely true, but what should this government be doing for those far northern communities in terms of housing and access and schools and roads? That's what I would like to hear today.

Chief Maracle: My understanding of the far north is that there are very few jobs for people. While the province licenses all types of industry to do logging and mining, the result is that there are very few jobs that are created for First Nations people.

I really think the government of Ontario needs to look at that and ensure that there is a job creation component for the Aboriginal community. It's our traditional lands that are being used to harvest those resources to generate economic activity in the province and wealth for individuals in the province, and it must be inclusive of the need for employment for Aboriginal people.

In terms of housing, there's a direct impact on health. I'm told by Grand Chief Stan Beardy that in many communities people have to sleep in shifts in the beds. There's severe overcrowding, and a lot of social, sexual and physical abuse occurs because of the severe degree of overcrowding that exists in those homes.

Most First Nations communities lack safe drinking water. Many of them have mould conditions, which also create health problems and it spills over into treatment later on in the hospitals, which creates an expense for the province of Ontario.

There should be measures taken to avoid illness through safe housing, and I think, in the end, that investment will save money in the health care system.

Mr Prue: If you go to the other side of Hudson's Bay, on the Quebec side, you don't see many of those same things. I don't say it's perfect, but I think the housing's better, there are roads, there are schools. The children don't have to travel out to distant cities to go to high school. Would you like to see Ontario follow the Quebec lead?

Chief Maracle: I don't know enough about the Quebec system, but I think we need to improve the conditions that are there. I heard the previous speaker, before I came to the table, talk about how there were a number of children who didn't have a music teacher in their schools. We have never had a music teacher in any of our schools. We've never had a phys ed teacher. We've never had an economics teacher or a shop teacher. As a matter of fact, we are lucky to have enough classroom space to educate our children, to deal with overcrowding in our schools.

So there is a paradox here. The government of Ontario has a responsibility to address it. There are section 91 powers and section 92 powers, and they mean something. Things that are listed under section 92 must be inclusive of Aboriginal people. Ontario has a responsibility, and it's time to get on with the work that needs to be done.

The Chair: Thank you for your presentation this morning.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair: I call on the Canadian Federation of Independent Business. You have 20 minutes for your presentation. You may allow time for questions, if you desire, within that 20 minutes. I would ask you to identify yourselves for the purposes of Hansard.

Ms Judith Andrew: Good morning. I'm Judith Andrew, vice president, Ontario, with the Canadian Federation of Independent Business. I'm joined by my colleague Satinder Chera, who is CFIB's Ontario director.

Mr Satinder Chera: At this time we'd like to take the committee members through the kits that are currently being handed out, just to acquaint you with the materials that are in there, after which my colleague will take you through our recommendations.

On the right-hand side of the kits you will find a copy of our pre-budget submission. The submission is divided into six different sections, beginning with an executive summary; there's an introduction; a background to the small business community in the province; an outlook that small businesses have for 2004, their priorities; and then appendices which go into detail on specific small

business concerns and issues; concluding with the summary of our recommendations. For the members' convenience, we have also included a loose-leaf of the recommendations, which is immediately behind the actual submission.

On the left-hand side of the kits we have at the beginning a checklist of the pre-election commitments that we received from each of the three party leaders prior to the last election. Behind that are the results of the quarterly business barometer for Ontario, which is CFIB's survey that we do with our membership to gauge the expectations that they have for their firms for the coming 12-month period. I should point out there is growing confidence within the small and medium-sized business sector. This is a barometer that is carried worldwide by Bloomberg Financial at over 300,000 kiosks globally.

Behind that we have our latest study, which looked at a comparison of public sector and private sector wages, that shows and continues to show the wage premiums that public sector employees earn vis-à-vis their private sector counterparts.

As well we have included CFIB's recent updated study on the municipal taxation practices in 66 communities around the province, which continues to show the imbalance within the property tax system at the local level, where small and medium-sized firms continue to shoulder an unfair and disproportionate share of that property tax burden vis-à-vis the residential class. As well, last year was obviously a very difficult year on many, many fronts. What we started to do was to gauge our members' experiences with different shocks to the system, if you will, beginning with SARS, the post-SARS recovery—I should mention that this survey was conducted immediately following the first outbreak of SARS—then we've concluded with the results on the impact of the August 14 power failure. With that, I'll hand it back to Judith to take you through our presentation.

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Ms Andrew: One of our members recently wrote to us on the status of his business. He said, "I do feel very much that the government is charging too much income tax, property tax and PST as well as GST. Last month, for example, our company has paid \$12,000-plus for all the taxes, including WSIB. We are a small business and our company cannot afford all of this. The government is taking the initiative out of owning a business. They get the lion's share of the cash flow.... It is time we say something before they escalate more taxes that we cannot afford. When does it all stop?" This is an owner of a small manufacturing firm with six employees here in Ontario.

Another of our members echoed the same refrain. He said, "Taxes as a whole are way too high when you take all the various forms into consideration, ie, income tax, corporate tax, employment insurance, Canada pension plan, WSIB, employer health tax, property taxes, gas taxes, PST, GST etc etc." That's from a plumbing and heating equipment wholesaler with 20 employees.

On behalf of these two businesses and CFIB's over 42,000 Ontario small and medium-sized members, we appreciate the opportunity to make our 2004 pre-budget submission to the standing committee of the Legislative Assembly of Ontario.

Small and medium-sized firms employ more than half of working Ontarians, create most of the net new jobs in the economy and are a reliable barometer for the province's economy. On the right-hand margin of the executive summary, you'll see some charts illustrating those points. Given the critical role they play, the views and concerns of independent business owners must surely be given careful consideration in the preparation of the upcoming budget.

According to the finance minister's recent quarterly update, government spending on programs and capital will have increased by almost \$10 billion in the two-year period ending March 31. In the same period, revenue increased by much less, just over \$3 billion. Despite this huge two-year increase in spending, this committee is currently receiving pre-budget recommendations for additional spending totalling in the billions, if not tens of billions.

When spending increases of the magnitude we've seen in Ontario are failing to satisfy the demands of the funded sectors, it is clearly time for a fundamental downward adjustment in expectations about what government delivers. We trust that the galloping expectations of how much government should spend—clearly evident in these consultations—will cause the government to face up to this politically difficult task. I should note that as recently as 1994-95, the province managed to scrimp by on something in the order of \$56 billion rather than the much larger figure we're talking about today.

Turning to the opposite side of the ledger, small and medium-sized firms continue to be relatively optimistic about 2004. You have the Ontario business barometer in your kit. It's also briefly summarized on pages 5 to 7 of the brief. With a decent business environment, our members can continue to boost the economy, as they have done historically.

Satinder pointed out that 2003 was a challenging year, and I think that's an understatement. Our members faced SARS; the electricity blackout, which cost about \$2 billion for the economy; the gyrating Canadian dollar, the appreciation of it; insurance hikes; and BSE. Those last two are still with us and will continue to be for some time to come.

It's clear that small business is in no position to absorb further external shocks. Already, we know that electricity rates will be increasing, come April 1, and probably more challenges remain in that area. Of course, the minimum wage has changed as well and is scheduled to increase further as the years go on.

CFIB urges the Ontario government to stick with the strong capacity of the small and medium-sized business sector with targeted measures to further build on their resilience.

Just to summarize our recommendations, it's very important for the Ontario government to build confidence

in the small business sector. Part of doing this is to hold the line on taxes, as was committed to by Premier McGuinty on a pre-election basis to our members. A key element in this is to maintain the important differential tax treatment of small firms in the area of corporate income tax—we appreciate the relief that came in Bill 2 in December—and as well, the employer health tax.

Specifically with regard to the employer health tax, it's critical to maintain the \$400,000 employer health tax exemption for small business. We're already receiving many communications from our members about how vital that particular item is in helping them to continue to employ people, to grow their businesses, to add jobs and contribute to their local economy.

On the spending side, our members would argue that the government needs to focus the spending priorities on areas that support growth and competitiveness in the economy.

In terms of the deficit and debt, it is important to maintain the current provisions of the Taxpayer Protection Act and balance the budget by looking for cost savings within the government. We will be doing more analysis on the government's three scenarios that they've put forth for the current consultations. Suffice it to say that our members are very concerned about deficits and debts and have actually recently given us direction that it is important to establish a fresh long-term plan for addressing the debt. There is no support at all for increasing that debt.

CFIB is also arguing for low-cost initiatives in the Ontario budget which fulfill the government's pre-election commitments and include such things as a review of business access to property and casualty insurance. There has been a lot of attention on the auto side, but business insurance in some cases is unavailable or only available at astronomical rates. That needs to be reviewed. It's a matter of split jurisdiction, but it's important that Premier McGuinty's commitment to do that is fulfilled.

Our members also appreciate the commitment to conduct a value-for-money audit of the Workplace Safety and Insurance Board by the Provincial Auditor. We look forward to that taking place, as that produces an important payroll tax and, as well, that system needs to serve injured workers and employers in the province.

Our members support a red tape and regulation compliance tool. That was also a commitment. As well, we would encourage the government, in the area of retail sales tax administration, to adopt a fresh audit approach, which we're calling a compliance audit approach. Compliance would help turn on the taps for proper reporting while at the same time not penalizing inadvertent mistakes.

Finally, our members support a new incentive for small business financing. In that area of financing, we believe the government should review the current incentives and redirect appropriate support to the one that we're proposing on capital gains.

I should say a word or two about property tax load. That is a very key, important issue. Our members want the Bill 140 hard cap to be supported and in fact extended. That is only beginning to rebalance the huge unfair tax load on small business. Another strategy for doing that would be to adopt a small business threshold on property tax.

If anyone is looking for evidence that businesses are shouldering an unfair burden of taxes, please have a look at figure 12 on page 9. It will be important to address that aspect of property tax in the context of a new deal for cities.

I will conclude my remarks here and would be happy to attempt to answer your questions. Thank you.

The Chair: We have about two minutes per party. We begin this rotation with the official opposition.

Mr O'Toole: Thank you very much, Judith and Satinder, for the background. It's extremely important. In your executive summary, you say that Premier McGuinty said, "Innovation ... and small business drives our economy." We all know that. This backgrounder is extremely important. In fact, I will probably be using it all year in the House, referring to it and giving you full credit. Thank you for the research.

It's amazing; I recall the ad, during the election, the one that said, "I won't raise your taxes, but I won't lower them either." It's the first thing in here. He said he won't raise the taxes. Every request we've had is to raise taxes.

I have a question that I'll ask the researcher at the end of this presentation, but I thought the clippings this morning were quite good too, and yesterday they were very good. This one is in the clippings today. It says, "What Dalton's really asking is how you'd prefer to give him more." It's quite an interesting subheading. It talks about 80% of the spending being certainly education and health care, and no one would say that's not important.

It savs:

"The Liberals are finding out—finally—they must get health spending under control. After eight years of screaming about Tory cuts, the cold, hard facts ... increased 8% over the last four years to a whopping \$29 billion" for health care and the same for education.

"You think the Tories cut back on education? Are you kidding? Spending by school boards on post-secondary education increased by 5% to \$14.3 billion."

In fact, you said it too. If you look in their book these are the facts: from 1994 to 2004, revenue went from \$46 billion to \$69 billion. That's a \$23-billion increase in revenue. If you look at program expenditures, just program spending alone went from \$44 billion to \$62 billion, an \$18-billion increase.

My point here is that they're in shock and awe.

Interjections.

Mr O'Toole: Can I get this time back? They keep interfering, Chair.

I put a question to you. Do you believe they should follow through on their election promises, just one of them: "I won't raise taxes"?

Ms Andrew: CFIB members believe that governments should fulfil their election promises. That's clear. That's why they earn your vote.

Mr O'Toole: All 230 of them.

The Chair: We'll move to the NDP.

Mr Prue: I've only got two minutes, so let's see how many I can get in here. On the \$400,000 exemption, yesterday we had a group from the Retail Council of Canada—I think that's who they were—telling us that it is fraught with difficulties, that it is being abused and that it needs to be reformed. Do you also agree that this needs to be reformed, that it may be a good thing for your members in terms of them getting money, but it is being abused?

Ms Andrew: That's not our information. We find that the structure of this eliminates any notch problems. The first \$400,000 exemption on the employer health tax applies equally to General Motors and to Joe's Auto Body. You just deduct the \$400,000 from your payroll and calculate your payroll tax. It is very important that fledgling businesses just trying to get off the ground hire that new employee. The \$400,000 in payroll isn't a big amount, but it makes a big difference to entrepreneurship in the province. If anyone wants to stifle entrepreneurship, the best way to do it is to load on the property taxes and the payroll taxes, and then you won't get anyone starting businesses or creating jobs.

Mr Prue: So you see no abuse at all?

Ms Andrew: We know that the tax revenue division in Oshawa is busy auditing. I guess there are probably some issues about related companies, but that's something they sort out in their audits and deal with.

The Chair: Thank you.

Mr Prue: My goodness, that was a fast two minutes.

The Chair: We'll move to the government.

Mr Mario G. Racco (Thornhill): You said we should spend money on economic growth. My question to you is, do you believe public education, public health and public transportation will stimulate the economy by having more money invested in those public needs?

Ms Andrew: Businesses, which are the job creators—they represent more than half of the employment in the province and nearly that much of the economy—tell us the number one issue for them is total tax burden. If those taxes come in the form of profit-insensitive taxes, then they can't grow their businesses, they can't finance their businesses from retained earnings. These are the people who are investing and growing, and if that's what they say, then they're not telling us that there needs to be huge investments in other things.

We don't disagree that in areas of public infrastructure—municipalities have had a full-court press on this—there probably is a point. If you read the appendices of our brief, you will see that our members support allocating a share of the gasoline tax to support necessary public infrastructure projects. Our members are sensitive to the financial concerns of municipalities, but at the same time they are already shouldering a huge load of property taxes, and that needs to be addressed as well.

Mr Racco: But if people are not well educated, how can the economy grow? We have people who are going to make more money, which means they pay more taxes.

They work for small businesses. In fact, quite often they are the small businesses.

Ms Andrew: I think one of the challenges is to look at how the spending is done. In the case municipalities have made, everyone seems to overlook the notion that they need to justify more money. If you look at city of Toronto policies, they have union-only contracting arrangements where our members can't have a chance at that business. There's an excess of pay offered in terms of wages and benefits to public sector employees generally. Some of the public authorities need to look in their own backyards for savings rather than just arguing that they need more tax money.

The Chair: Thank you for your presentation this morning.

Mr O'Toole: On a point of order, Mr Chair: I'd like to ask a question of research, if I may. Could all members of the committee be supplied with what the revenue would be if personal income tax was increased by 1%?

Mr Prue: Hugh Mackenzie already told you.

Mr O'Toole: Hugh Mackenzie has. That's a very good point.

Also, part two is, what are the revenue implications of Bill 2, which cancelled taxes on medium- and small-sized business—the commercial-industrial tax was changed, as well as the retroactivity. What are the revenue implications of Bill 2? I believe it's \$400 million.

The Chair: We will ask research to see if they can find the answers to those questions. I remind members, as I did some days ago, that research is almost overburdened with questions. I asked you to keep them succinct and minimal. They must have a report in draft by March 8, I believe. I stand to be corrected on that. Research has said they have a huge volume of questions, so be thoughtful about your requests. We will request those.

Mr Peterson: On a point of order, Mr Chair: This is a fabulous organization that has access to a lot of research. It came up that the Red Tape Commission is involved in the small business—

The Chair: You can talk to them afterwards.

Mr Peterson: I want this submitted to this committee. They have information on how we could reduce red tape in Ontario to help small business. If they would submit that to the committee, I would appreciate it, rather than using our researchers.

The second thing is that one of the things affecting small business is the lack of funds available at banks—easy funding for small businesses. If they have some research on that and how we could help them facilitate small business funding as the workhorse of our economy, it would be terrific.

Ms Andrew: Both positions are summarized in the appendices, but we can provide more information.

Mr Barrett: On a point of order, Mr Chair: I heard the Liberal member refer to the CFIB as a fabulous organization. It was read into the record that the Liberal economic plan makes reference to the fact that small business drives our economy. Further to that, I would ask for the unanimous consent of the finance committee to indicate their support for this presentation by CFIB.

Mr O'Toole: The recommendations, the summary.

The Chair: Do we have unanimous consent? I heard a

To the presenters: If you could provide the information to the clerk, he will ensure that information goes to every member.

Ms Andrew: We will indeed. Thank you.

1050

CANADIAN FEDERATION OF STUDENTS

The Chair: I call on the Canadian Federation of Students. You have 20 minutes for your presentation. You may allow time for questions within that 20 minutes, and I would ask you to identify yourself for the purposes of Hansard.

Mr Joel Duff: My name is Joel Duff. I'm the Ontario chairperson of the Canadian Federation of Students. I'd just like to start by saying that we really do welcome the opportunity to present in this pre-budget consultation of the standing committee on finance and economic affairs.

The Canadian Federation of Students is Canada's largest provincial and national student organization, and we represent over 235,000 college and university students here in Ontario alone. We wish to congratulate, of course, the new government on its election and to state at the outset that students overwhelmingly support this government's commitment to the Canadian Federation of Students to fully fund a tuition fee freeze, a commitment that in and of itself will require an investment of approximately \$190 million. However, the federation does note some disappointment with this government's apparent decision to exclude international students from the general tuition fee freeze.

Regrettably, the delay in the government's formal announcement concerning the fully funded tuition fee freeze here in Ontario has created an opening for opponents of the policy to disseminate misinformation both about the government's intentions and about the relationship between tuition fee increases and the quality of post-secondary education. This opposition is primarily relegated to a minority of people, most notably the presidents of the University of Toronto and the University of Western Ontario, the principal of Queen's University, and of course the editorial board of the Globe and Mail and a handful of lingering ideologues. One of them left the room. What a relief.

At the core of this argument is the misnomer that tuition fee increases do not translate into greater financial resources for post-secondary institutions. This is because, in all cases, government cuts outstrip university revenue generated by tuition fee hikes. The reality is that rising tuition fees are a symptom of government underfunding and not a measure of quality. There can be no doubt that the strategy of fearmongering is a public relations exercise by opponents of the tuition fee freeze with the intention of eroding support for this extremely popular public policy.

Problems with OSAP: Emerging trends show that for those students fortunate enough to acquire a post-secondary education, the job and income prospects may not be as lucrative as some have suggested. Statistics Canada has noted that the number of graduates looking for employment has increased over the decade. At the same time, another Statistics Canada study suggests that the wage premium for educated workers has been diminished as the percentage of educated workers entering the workforce increases. Finally, students completing a minimum four-year program are graduating with debt load averages of about \$25,000, a figure that is set to increase if the federal government proceeds on its ill-conceived intention of raising loan limits.

In November 2002, internal government documents demonstrated that the Ontario student assistance program had experienced a 40% decline in the number of students accessing the program. Government figures show that the number of students receiving Ontario student loans dropped from 212,189 in 1995-96 to 130,687 in the 2002-03 academic year. This sharp drop, by the government's own admission, is a result of more restrictive eligibility criteria that discriminate against low- and middle-income students who experience financial need.

Expanding student financial aid: It is critical that steps toward increased eligibility for student financial assistance be undertaken immediately. The federation has a number of significant recommendations in this regard.

(1) Restore eligibility for part-time students. Disqualifying part-time students from OSAP diminishes accessibility for a variety of students, including those with parental responsibilities and other family obligations. Moreover, this policy has a secondary impact on full-time students who have not qualified for OSAP but who, owing to a death in the family or an illness or another financial crisis, are forced to withdraw from full-time studies. Under the present system, those students are ineligible for student aid and are expected to return the monies that were initially loaned to them. This policy places a huge burden on students who are already physically, financially and emotionally exhausted.

(2) Change the definition of "independent students." Previously in Ontario, and currently in keeping with the Canada student loans program, a student could apply for student loans without accounting for parental income if they lived away from home for four or more years. The Progressive Conservative government changed this criterion to five years away from home, and government documents show that this single change pushed 7% of students who were previously eligible out of the system. The federation strongly recommends immediately harmonizing the Ontario policy with the federal policy to allow students to apply for student assistance, independent of their parents, after four years.

(3) Update parental contribution tables. Currently, the parental contribution tables that determine the government's expectations of the amount that families can contribute to their children's education are unrealistically high. Recent trends demonstrate that larger numbers of

students from middle-income families are finding themselves ineligible for OSAP because their parents "make too much."

(4) Restore eligibility for those on social assistance. One of the most mean-spirited measures implemented by the previous government was to disqualify social assistance recipients from being able to borrow additional money through OSAP to fund their education. Those on social assistance with the drive and ability to improve their employment prospects through higher education should be given as much support as possible to achieve their educational goals. The federation recommends that for those on social assistance, loans should not be considered income, as is the case with any other individual or corporation.

(5) Restore child care bursaries. The previous Progressive Conservative budget virtually dismantled child care subsidies and bursaries, making post-secondary education more burdensome for students with parental responsibilities. The federation recommends restoring child care bursaries and developing a province-wide child

care strategy.

(6) Expand eligibility for protected persons and recent immigrants. Recently, the federal government extended Canada student loan eligibility to convention refugees. This is a critical step in ensuring that protected persons have access to education and training that will allow them to rebuild a productive life in Canada. The federation strongly urges the government to implement this relatively low-cost measure with respect to student assistance. In addition, the federation recommends dropping the residency requirement for recent immigrants to ensure access to OSAP.

Addressing unmet need: There's a growing problem faced by students whose expenses exceed their OSAP allocation. In the first instance, this problem can be attributed to dramatic increases in tuition fees over the past 10 years, especially for those in programs where the previous government's policy of deregulation paved the way for tuition fee increases of between 150% and 800%. The federation wishes to acknowledge the Ontario government's policy of freezing tuition fees, including deregulated programs, as a critical step in the right direction. In the future, additional steps will need to be taken to reduce tuition fees and further reduce the amount of unmet need experienced by student loan recipients.

Secondly, this government has pledged to reduce tuition fees by 50% for the 10% most needy students. The federation supports this policy and looks forward to the government fulfilling this promise.

Thirdly, the Ontario government must restore upfront needs-based grants for students. This program was eliminated in the early 1990s, which has been a significant contributor to the high debt loads with which students are graduating.

Taken together, the above three recommendations will contribute greatly to addressing the issue of unmet need and reducing the amount of student debt with which students graduate.

The federation must reiterate its strong opposition to raising loan limits as a means of addressing unmet need. This short-sighted and damaging policy can only prove detrimental in the long run, as students will undoubtedly amass even higher levels of student debt. Historically, when student loan limits have increased, local institutions have seen this measure as a green light simply to charge more money for mandatory and ancillary fees. In other words, money ostensibly allocated to assist students will simply go directly into university and college coffers, rather than providing any meaningful relief to unmet student need.

Restoring quality: We recognize the changes faced by the new government in inheriting a post-secondary system in crisis. The devastating cuts imposed by the previous government have resulted in a cumulative with-drawal of over \$3 billion of core operating funding. Despite the previous government's public relations exercise, post-secondary education funding has simply not been restored to 1996 levels.

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Dwindling faculty numbers and crumbling infrastructure are just two symptoms of the quality crisis in colleges and universities. What limited funds have been made available for infrastructure have come with such conditions that they have not gone toward solving old problems and instead have created many new ones associated with an increasingly market-driven orientation of post-secondary education.

Stemming the tide of privatization: The Canadian Federation of Students was heartened when the Ontario Liberal Party pledged, during the Ontario election, to stop the expansion of for-profit private universities. To date, no for-profit private universities have had contracts signed with the province. The fact that no contracts have been signed yet means that by acting now, the new government can implement its promise at virtually no cost. The federation strongly urges the Ontario government to move quickly on this cost-free promise.

Restoring our system to health: The federation recognizes the price tag associated with rectifying the current crisis. The question inevitably posed is, where will the money come from? To answer that question, the Canadian Federation of Students would like to highlight the recommendations of the Ontario Alternative Budget. The Ontario Alternative Budget was a collaborative effort between a variety of stakeholder groups advocating in the public interest. The alternative budget recommends a modest increase in personal tax rates for all taxpayers in Ontario and recommends increasing the number of tax brackets for those earning above \$100,000 per year.

During the provincial election campaign, the Ontario Liberal party made a tough political decision not to proceed with the second phase of the Progressive Conservative tax cuts. Dalton McGuinty had the courage to look Ontarians in the eye and explain that Ontario's social fabric could simply not be sustained were these tax cuts to proceed, and he was supported by the majority of voters. If used to fund public services, the federation

believes that the vast majority of Ontarians will support a call for a measure of revenue recovery through modest tax increases.

In conclusion, the Canadian Federation of Students looks forward to working cooperatively with the new government in the months ahead to develop long-term strategies to adequately fund and restore the quality of post-secondary education while also reducing tuition fees and other financial barriers to higher education. Unavoidably, realizing these goals in the long term will require a substantial reinvestment of public funding in Ontario's colleges and universities. However, doing so would constitute a considerable social and economic investment in the future of this province, and we think Ontario deserves it

The Chair: We have about two minutes for questions from each party. We'll begin this rotation with the NDP.

Mr Prue: Thank you very much for an excellent report. I think I agree with all of it, but I do have two questions—maybe you can elucidate why you're taking these positions.

One is that "the Federation does note its disappointment with this government's apparent decision to exclude international students from the general tuition fee freeze." The reason I ask that is that I have been part of a group that went to China, Hong Kong and Singapore eliciting very wealthy students to come to this country to go to university. I know that the same thing is done in Mexico, Central America, South America and Europe, and that the overwhelming majority of students from around the world are much better off than Canadian students who are studying here. Why would you want to freeze their rates? I do understand it for some of the Third World ones—I do understand that—but why would you want to freeze the rates of the very wealthy who have come to this country?

Mr Duff: I'm a bit surprised to hear that question from you-

Mr Prue: It's a good question.

Mr Duff: —but frankly I think I would have to ask you: Do we only want rich Chinese immigrants or rich international students to come and study in Canada?

Mr Prue: No, that's not the question.

Mr Duff: I think we should remember that a large number of students who actually come as international students decide to come and make Canada their permanent home. So we have a choice, facing stagnation in population growth: Do we want to bring in immigrants and have them drive cabs or mop the floors at Ryerson University, or do we want them to go to Ryerson University and get an education? International students add to the diversity of our campuses, and I think we benefit from having a diversity of students come and contribute to that and make this their permanent home.

Mr Prue: Nobody is denying that. I think you've twisted this around. The question is that these people come with the expectation that they will pay the full rate and are capable of paying the full rate. Why are you saying the Ontario government should subsidize this?

Mr Duff: Essentially what's happening now—for example, at York University, in the face of the tuition fee freeze announced by the province, they decided to jack international tuition fees by 30%—is that international students are actually being used, admittedly, as cash cows to subsidize domestic students. How is that fair?

The Chair: We move to the government.

Mr Peterson: We have a shortage of money, and we can't do everything for everybody. Freezing tuition does not increase the number of spots for students, nor does it increase the quality of the education, at a time when there is a shortage of spots due to the double cohort. Would you not rather see us spend money on increasing the number of spots?

Mr Duff: Tuition fees have risen a minimum of 150% and as much as 700%. We are at a breaking point. At this point the question is not whether there are enough spaces for students but actually who gets to fill those spaces. There is no question that we have a problem both in terms of the need for more space and the need for accessibility. But higher tuition fees have never translated into better quality or more spaces, because it's always been a method of paving the way for government cuts.

Mr Peterson: The University of Toronto disagrees with you. They say that any student they want, with the bursary programs and subsidies they've got—actually, tuition fees for the students they want are dropping, because of the excess of fundraising they're doing.

Mr Duff: That's actually not true.

Mr Peterson: We've got pretty good empirical evidence. You can disagree with them, and that's interesting.

Mr Duff: When you look at it, if you use student financial assistance as a means of subsidizing those students who are caught at the bottom when tuition fees increase, you're always artificially inflating the need of those students by increasing tuition fees. You can never generate enough revenue for student financial aid to actually mitigate the damage of tuition fee increases across the board.

The fact is that one of the biggest constituencies being left behind is middle-income students, who are absolutely ineligible for student financial assistance, who are, frankly, voters, who have been left behind for a long time now and who, I think, deserve a break. There are many people from the middle-income bracket whose parents do not have the disposable income to pay for the education costs of all their children, yet they are completely ineligible for student financial assistance. Those students are being hit hard by tuition fee increases.

Mr Peterson: If I were a supply-side economist, I would say increase the supply.

The Chair: Your time has expired. We move to the official opposition.

Mr Barrett: Thanks to the Canadian Federation of Students. You indicate that you're contributing close to half of, as you say, the operating funds of colleges and universities and the taxpayer pays the rest. I think the taxpayer pays close to 60% of your tuition costs or that

share of the operating funds, not the capital, of these institutions.

You indicate that without this education you are destined for—I forget the term—something to the effect of "not a decent standard of living." Many young people—I assume people your age—do not go to college and university. Many of them do have jobs. Oftentimes they don't have the declining union jobs that you refer to. Do you speak for that age group as well? Many of these people perhaps do not have the education you have. Many I talk to are unable to even think of coming before a committee like this. You argue their case. Those are the people, your age, many of them are working, who are subsidizing 60% of your bill.

Mr Duff: First of all, the amount that students contribute, between 40% and 50%, has increased from about 20% in 1991, precisely because your government cut 25% of operating budgets.

Mr Barrett: I read that here. Is this my question?

Mr Duff: The fact is that 75% of jobs today require a college diploma or university undergraduate degree just to become a middle-income earner. It's not a luxury to get an education; it's a necessity. Those people you're talking about who don't currently have access to the system are, by and large, low-income people. We need to be increasing their opportunities to get an education as well

Finally, I would take issue with the fact that it's merely a personal investment. This is a social and economic investment. Everybody in our society benefits from an educated workforce. It makes the economy competitive. It attracts business. That's exactly why Ireland decided to eliminate tuition fees in order to try to turn their economy around.

Mr Barrett: Just very briefly, I didn't say this. You're speaking on your own personal investment.

Mr Duff: No, I'm speaking on behalf of 235,000 students.

Mr Barrett: Does the Canadian Federation of Students deal with any other issues, or is it just tuition fees?

Mr Duff: We deal with student issues and educationrelated issues. You're going to hear us on the streets decrying your government's decision to bring in rent decontrol, you're going to hear us complaining about your government's lack of responsibility in funding public transit and all the other things that contribute to student debt.

The Chair: Thank you very much for your presentation this morning.

1110

ONTARIO RESTAURANT HOTEL AND MOTEL ASSOCIATION

The Chair: I call on the Ontario Restaurant Hotel and Motel Association. You have 20 minutes for your presentation. You may leave time within those 20 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of Hansard.

Mr Terry Mundell: My name is Terry Mundell, and I'm the president and CEO of the Ontario Restaurant Hotel and Motel Association. With me today is Ryan Parks, our government relations manager.

The ORHMA is a non-profit industry association that represents the foodservice and accommodation industries in Ontario, and is dedicated to the growth of a thriving and competitive hospitality industry. As such, I'm pleased to be involved in these consultations today.

A little bit of background on the industry: Ontario's hospitality industry makes a significant contribution to the provincial economy. It's an \$18-billion industry with over 22,000 foodservice establishments and nearly 3,000 accommodation properties. About 60% of the foodservice establishments across Ontario are independently owned and operated, and nearly half of the accommodation properties have 30 or fewer rooms. So when we speak about the hospitality industry, in many cases we're talking about the financial health and well-being of small businesses operated by individual Ontarians and their families.

Our industry is extremely sensitive to external economic events, and is the first in and the last out of any economic slowdown. Over 400,000 Ontarians are employed in the hospitality industry, and we are the largest employer of youth in Ontario, employing about 17.4% of Ontario's youth. Typically, hospitality operators provide all levels of government with approximately \$2 billion in tax revenue annually. In fact, the average full-service restaurant pays \$173,000 in taxes to all levels of government.

When describing the difficulties for the provincial finances over the course of 2003, Minister of Finance Greg Sorbara says: "Real gross domestic product fell by 0.6% for the July to September quarter, on top of the 0.2% decline in the second quarter. This is due almost entirely to an extraordinary set of circumstances, including SARS, border problems relating to the war in Iraq, the impact of mad cow disease and the blackout in August."

The province is not the only one that has experienced this extraordinary set of circumstances. With total provincial GDP in 2003 of \$460 billion, Ontario's economy is roughly 26 times the size of Ontario's hospitality industry. However, Ontario's much discussed \$5.6-billion shortfall is only roughly 5.6 times the size of the 2003 tourism spending losses in Ontario's hospitality industry.

With all due respect to the government, we, Ontario's hospitality operators, have our own financial problems with which to contend. It is therefore alarming when one considers the options that the government is considering in order to retire its deficit. A surprising number of these proposals place a significant financial burden directly on the embattled hospitality industry.

The year 2003 left a devastating economic impact and brought one of the largest, most dynamic industries to its knees. Ontario's tourism industry was hit extremely hard. Many restaurants at the epicentre of the outbreak ex-

perienced an 80% to 90% reduction in business. Over 800 bus and coach tours to Ontario were cancelled—a \$6-million loss. Major Canadian, US and international corporations began implementing staff travel bans to Ontario.

These events and others began a cascade effect that lasted throughout 2003. In the first nine months of last year, international border crossings were down 13.8% over 2002, which was down 11% over 2001. In fourth quarter numbers alone, Ontario's hotels were projected to have lost \$14.3 billion in room revenue due to cancelled business. By the close of 2003, tourism losses in Ontario as a result of that extraordinary set of circumstances had exceeded \$1 billion.

To place this in context, each additional \$1 million in sales in the foodservice industry creates 34.5 jobs. So it's clear that 2003 was an unimaginably difficult year. The industry's ability to attract customers, maintain business and employ workers was severely strained. Yet within the first 100 days, the government has made a number of decisions that have significantly increased the average hospitality's cost of doing business. Given the fragile state of our industry, each cumulative expense risks causing widespread bankruptcies. Despite being the hardesthit industry in Ontario, the hospitality industry appears to have also been shouldering a disproportionate amount of fallout out of the government's bleak fiscal circumstances. Frankly, operators have their own financial problems with which to contend. They are stretched to the limit when it comes to keeping their doors open.

Let's just take a look at the first 100 days on an average restaurant, just to give an example: an increase to the capped hydro rate, \$4,250; an increase to the minimum wage, \$3,744; a repeal of the scheduled corporate and small business tax cuts, over \$9,000; introduction of the new packaging levy tax, over \$1,000. The average restaurant in the first 100 days of this government is now picking up an extra \$18,000 tab per year. That's a significant amount of money for us.

It is vital that the government understand the cumulative impact that these decisions will have for our industry. It is within this context that our members across the province are extremely concerned with some of the proposals that the government is publicly considering: imposing the EHT on small business; an additional percentage to the RST; eliminating the tax deductibility for business meals; eliminating the \$4 RST exemption threshold on restaurant meals; increasing beverage alcohol floor prices, fees and taxes; a province-wide smoking ban; the lifting of the commercial property tax caps; and uncertainty around full long-term funding of the Ontario Tourism Marketing Partnership Corp and the SARS recovery investment.

The government must understand that the impact of any of these proposals would cost our hospitality operators tens of millions of additional dollars in either reduced sales or increased expenses or both. It's the wrong time to continue to increase the burden on this industry. Our operators are in a very fragile state; our industry is in a very fragile state. World events have put some significant burden on us, and we need the government to help support us.

The Employer Health Tax is a highly profit-insensitive tax which has a disproportionate impact on labour-intensive workplaces such as our industry. Eliminating the \$400,000 EHT threshold exemption would be a job killer for both our industry and the provincial economy. When the exemption was introduced in 1996, it created 93,000 new jobs. This is not the time to reintroduce this tax on our labour-intensive hospitality industry. When Ontarians went to the polls last fall, the message from the Liberal government was clear: "We're not going to raise your taxes." Our members need to know and be confident that the government intends to keep that no-tax-increase promise.

As speculated in the media, the government appears to be considering its options with respect to the LCBO. While many of the objectives that the hospitality industry would like accomplished would not require privatization, many of them would flow naturally from private sector competition. Under the current system of levies, fees and taxes, Ontario's wholesale price for alcohol actually exceeds the retail price. Our operators pay more money for alcohol than you do when you go into the store. It's one clear example of why Ontario's antiquated beverage alcohol pricing system needs to be overhauled. We challenge the government, though, to expand its examination of this issue beyond the scope of privatization simply for revenue-generating purposes. Ontario's beverage alcohol sales, pricing and distribution system requires a complete and thorough review, top to bottom. The government has a unique opportunity to undertake sweeping reforms of Ontario's beverage alcohol system to increase efficiencies, improve customer service and maximize the fairness of its pricing regime, all to the line of looking for a better bottom dollar for all of us in this industry.

The ORHMA would like to see issues addressed such as the elimination of the gallonage fee, the introduction of a true wholesale pricing regime for licensees, private warehousing and distribution options, the elimination of delivery charges for wholesale customers, off-premise licensee sales, streamlining regulations and ensuring liquor inspection consistency and accountability.

The government must strongly encourage the LCBO to modernize its wholesale business. Currently, the licensee client base, which represents over \$480 million, or a dollar out of every \$6 in annual sales, is being taken for granted. Any modernization of the LCBO must focus on the modernization of its wholesale component.

In past years, the association has encouraged the government to reinstate business meal deductions to the previous level of 100%. Prior to 1988, business meals were fully deductible. Since then, provincial tax deductibility has slipped to 50%. We believe the government should restore business meal deductibility to its previous level of 100%. It's a fact that the restaurants are the boardrooms of small business, and at a time when both discretionary business spending and consumer confi-

dence is low, such an initiative will assist the hospitality industry and the wider small business community. This measure allows the government to encourage spending while assisting the foodservice sector to weather these difficult economic times. For some operators, even a small increase in business traffic in these difficult times can mean the difference between keeping the doors open or closed.

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The Liberal government of David Peterson introduced the \$4 RST exemption in 1987, in part as a tax break for working lower-income families. Undoubtedly this threshold is important for Ontario's foodservice sector as well. It's not uncommon to see mom-and-pop establishments offer breakfast, lunch and children's specials at \$3.99. It's not uncommon to see school cafeterias offer specials at \$3.99 as well. Despite rising input costs over the last 17 years, the \$4 threshold has never been increased. It is therefore severely eroded by inflationary pressures. The threshold on restaurant meals should increase to the level of \$6 to reflect inflation and socioeconomic changes. I can tell you the restaurant industry has been aggressive in forming the types of packages that meet the consumer need for under \$4.

Property taxes already make up a significant expense, at 17% of an establishment's net income before tax. Ontario's accommodation properties already pay 80% more than the national average of \$201,000.

ORHMA believes in and supports the principles outlined in Bill 140, the Continued Protection for Property Taxpayers Act. The bill correctly acknowledges that employers are not a limitless source of commercial tax revenue intended to subsidize residential municipal services. In Ottawa, commercial property taxes are two to three times the average residential property tax. In North Bay, they are more than three times the residential tax rates.

Bill 140 was also necessary to level the commercial tax playing field across Ontario's municipalities. In Toronto alone, commercial property tax levels are three times the provincial average. Unfortunately, many municipalities have yet to move their property tax levels to within the prescribed range of fairness. With so little activity from the municipal sector on this front, we believe the government should legislate that all municipalities adjust their property tax rates to within the range of fairness by 2006. As for municipalities that may seek an exemption from the caps imposed by Bill 140, the government should not remove those caps.

Consumers and business owners are struggling with skyrocketing insurance costs. Government attention has focused on auto insurance, but crippling increases in business insurance rates have yet to be addressed. Even operators who have had no claims in recent years are still facing rate increases anywhere from 25% or higher. One operator has seen his insurance premiums go from \$45,000 to \$125,000 in a single year. Average premiums across our sector are going up by 25%. These increases are so excessive that some owners are being forced to

operate without liability insurance, thereby risking the long-term security of their business and in some cases their personal assets, including savings and family homes. The government must act immediately to reintroduce stability into the system.

The ORHMA recommends an immediate freeze on all business liability insurance rates in the short term. The province should strike a joint government-industry working group to solve this issue, with a longer-term goal of reducing insurance premiums and ensuring adequate competition to allow hospitality operators the ability to insure their establishments.

Finally, Ontario is clearly a safe and exciting world-class destination, with a tremendous diversity of activities and attractions. The challenge in the wake of 2003, much as it was prior to last year, is to convey this message to as wide an audience as possible. While Ontario has much to offer, historically it has run a promotional deficit relative to competing jurisdictions. Prior to SARS, Ontario invested just \$30 million per year on tourism marketing. By comparison, Montreal invested \$22 million, Chicago \$80 million and Boston \$30 million. From 1998 to 2002, Toronto lost 8.2 million visitors to competing destinations, which translates into approximately \$411 million in forgone government tax revenue. Every dollar invested in tourism marketing generates about \$20 in economic recovery.

We want to say today that we want to thank the minister and the government for today's announcement by Minister Bradley which injected another \$30 million into the Ontario Tourism Marketing Partnership and made a partial commitment to second-year funding for the tourism investment recovery program. It's a very positive sign and a significant step by the government, and we very much appreciate that lead and the minister's efforts on our behalf to help our industry grow. We would like to see the government commit to the full \$128-million marketing plan, which was a two-year program. So there is a small amount of money which still needs to come forward in 2004-05 and 2005-06. But again, today's announcement is a significant step, a good-news story for us and one we greatly appreciate.

We'd also like to see the government make a full-term commitment to the industry-led Ontario Tourism Marketing Partnership. There has been a review of that program going on for some time now. There has been a brief extension to their mandate. We support it. It's an industry-led program, and we want to see that venue continue. The sooner the government makes a full-time commitment to that, the better off we are.

We'd also like to take this opportunity, in conclusion, to remind everybody that our industry has been devastated by external shocks in 2003. Our industry lost over \$1 billion in tourism revenue, and as our revenues flow, the government revenues flow. Clearly, the industry can't afford any tax increases in any form. The government must ensure that hospitality operators are not driven out of business by skyrocketing costs of doing business. However, we remain confident that the strategic invest-

ment in long-term tourism marketing—today's announcement specifically—provides initiatives that the provincial government will enable the hospitality industry to make a faster economic recovery and generate both revenues for our industry and revenues for the government so you can fund those important programs, which are important to all Ontarians.

We look forward to working with the government over the next term. Thank you very much for your time.

The Vice-Chair (Mr John Wilkinson): We don't have time for a full round of questions. Under this rotation, we will have two minutes for Mr Prue, of the NDP.

Mr Prue: I just want to check some of the figures. On page 5, you have said that the increase in the minimum wage costs the average restaurant \$3,744. Would that be per year?

Mr Mundell: Yes.

Mr Prue: So that would work out to about 30 employees, 30 cents an hour—

Mr O'Toole: That's one employee.

Mr Prue: No, that's not one employee; that's the whole restaurant. That would be about 30 employees in the restaurant, 40 hours a week on average, times 30 cents.

Mr Ryan Parks: When the calculations were being done, we excluded higher-skilled staff, such as chefs and managers, who might work as well. So we reduced the number of employees that that would be applicable to.

Mr Prue: OK, but does the average restaurant have 30 full-time employees?

Mr Parks: Enough hours for over 30 employees. They're not all scheduled at the same time.

Mr Mundell: It's the cumulative hours of the parttimers and full-timers.

Mr Prue: OK. That's my first question. The second one is, although I've heard you, I think it would be a bit of a difficult political sell—and I just want you to comment on it—that the government increase the current 50% tax deductibility on restaurant meals to the pre-1989 level of 100%. When that was instituted, to the best of my memory, many people thought that was a freebee for business people. They could go and have a great lunch and have it all deducted and ordinary people in the factory would sit there with their bologna sandwich. I remember it was the argument that it's about time they paid their fair share. Do you think the people of Ontario would again see this as some kind of freebee to business? I know it would help you, but do you think that's the way it would be seen?

Mr Mundell: I don't think we look at it as a freebee to business at all. This is an opportunity for us to try and build our business, to build more revenues for Ontario so that the government can invest in those important programs which all Ontarians need. We need to generate wealth. We need to generate revenue. We think it's an opportunity to help generate some of that revenue.

The Vice-Chair: Thank you very much.

DURHAM MENTAL HEALTH ALLIANCE

The Vice-Chair: I would now call on the Durham Mental Health Alliance, please. Good morning. The committee welcomes you. I want to let you know that you have 20 minutes for your presentation. That can include questions from the committee. We would ask that you begin by stating your name for the Hansard record.

Mr Robert Adams: My name is Robert Adams. I'm the executive director of Colborne Community Services. Colborne Community Services is in Whitby, and we're a

community mental health agency.

I'm here on behalf of the Durham Mental Health Alliance. The alliance is a group of senior executives from the mental health service agencies in Durham that have come together since the year 2000. The purpose of the alliance is to implement and participate in the establishment of a consumer-focused mental health service delivery system in Durham and to promote and facilitate the development of an effective support system for mental health.

Membership on the alliance includes nine organizations that provide a wide range of in-patient and community-based services and peer support services. The member organizations are the Alzheimer Society of Durham; the Canadian Mental Health Association of Durham; Colborne Community Services; Durham Region Community Care; Lakeridge Health, Oshawa; Rouge Valley Health System, Ajax; United Survivors Support Centre; Victorian Order of Nurses; and Whitby Mental Health Centre.

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Then we came together, and our objectives have really stayed the same. It's really to identify the service system issues in Durham region. As most of you are aware, Durham region is a fast-growing area and a vast geographic area. We're identifying priorities for reinvestment, identifying strengths in the mental health system, and we work toward assisting and supporting the mandate of the Central East (Whitby) Mental Health Implementation Task Force.

There are many systems-impacting issues that we have to deal with in mental health in Durham region. The main one is funding. Durham region receives only half the provincial average per capita funding for community mental health and mental health program services.

Just to give you an example, in community mental health, there hasn't been an increase to the base budget of community mental health agencies since 1994. There was a 2% increase three years ago that was announced that never came through. But for 10 years, agencies in this area have been operating without base increases. Granted, there have been expansion dollars in terms of capital dollars for buildings, but there have never been staffing and support dollars. So community agencies such as mine, which are unionized, have been trying to deal with increases for 10 years, and we have been at the point for the last three years of cutting service. That's the way we're paying our bills: by reducing service.

Yesterday, we were at a central east mental health forum with the Ministry of Health and Long-Term Care, and we were told the same message: "Make do with what you have; there's no money for you this coming budget year." It's very hard to live with that, because we're going to be cutting service. All the agencies will be cutting service. The impact on the community when we cut service is huge.

Population growth: Between 1996 and 2001, the growth in Durham was 10.5% while the provincial average was 6%. As I've mentioned, Durham region is a huge geographic area. There are literally no mental health services above Highway 7 in Durham region. Really, all the services are on the 401 corridor. So for a community mental health agency to provide service, say, in Beaverton, there's a huge cost to send two staff to Beaverton for the day. There's very little service in the north.

Community supports: There's an identified lack of intensive and specialized mental health services that put additional pressure on community-based services. As you're well aware, there are three hospitals in this area: the Whitby Mental Health Centre, which is the psychiatric hospital; Lakeridge Health Oshawa; and the Rouge Valley-Ajax site. When the two community hospitals, or schedule 1 facilities, that have mental health programs have clients come to their emergency rooms whom they have to admit, there is huge pressure on the community to have a transition back to the community beds.

In Durham there are only four crisis beds in the whole region. It's amazing to think that a region that size, with three hospitals, has only four beds that someone who lives in the community can access before they have to go to the hospital. As you're aware, the per diem to keep someone in a crisis bed in the community is roughly \$120. The rate is in the high hundreds or probably thousands to admit someone into a hospital bed.

With the lack of funding, there's a huge human resources issue, and the reason is that because the community mental health agencies are so poorly funded. The hospitals may say they're poorly funded also, but community mental health staff are paid two thirds the rate of those in the hospital sector. So it's very difficult for the community agencies to retain their staff.

The other problem is that whenever the Ministry of Health and Long-Term Care brings in new funding programs to address pressures in the community, they're funding those programs at a higher rate than the community-based programs. So again, community-based programs lose their staff.

There's a critical shortage of accessible and affordable housing in Durham. I would say that in Ajax and Pickering, and somewhat in Whitby, it is difficult to find anything under \$600 or \$700. A lot of the individuals living in the community who are on ODSP probably get only \$700 or \$800 a month to live on. As some of you are aware, there are a lot of shelters in Oshawa; there are a lot of illegal boarding homes. There's a lot of very poor housing in Oshawa.

Transportation is a huge issue in the region because of the large rural area. It's very difficult for clients, as well as community agencies, to transport individuals.

There's very little consumer-survivor initiative funding in this area. I've included, just for your reading pleasure, the breakdown of per capita funding by provincial standards and per capita funding for Durham region.

Finally, the key message is that we know there are issues for the provincial government around budget. We've been asked for 10 years to continue to cut our budgets and make due with what we had. It is very difficult.

In terms of mental health, it's not a glamorous thing. People don't want to use mental health services until they really have to. To give an example, we opened a program in Ajax last year. It was funded—capital dollars from the government—and we used our existing dollars to provide it. We had a huge problem, with the neighbours and the town, opening a mental health program. A week after we finally had it open, of the first six referrals, the first three were from family members who gave us the most grief.

There's a huge need for community mental health programs. It saves the taxpayer dollars in the end when you don't have to access emergency services like emergency rooms and psychiatric beds in schedule 1 hospitals.

I want to thank you for giving me the opportunity to discuss these issues with you.

The Chair: We have about three minutes per party, and we begin with the government.

Mr Colle: Thank you very much, Mr Adams. You paint a very pointed and compelling picture of the needs in Durham. It seems that there's really been no investment, certainly in the area of community mental health, in the last 10 years, to say the least.

I guess the question I have for you is, where do we start? It seems that we're so far behind. Where would we possibly direct our limited dollars to have an effect that would help deliver these obviously essential services that are in dire need out there?

Mr Adams: Good question. There have been dollars put into this region in terms of capital, and there have been dollars put into the region in terms of new programs. When the CTO bill came in, there were dollars put into the community—

Mr Colle: CTO?

Mr Adams: —community treatment order bill—there were dollars that came in. The problem is that when new dollars come in, it causes an imbalance to the existing services.

You're right: there are problems. But there was a mental health task force that looked at the area that has excellent recommendations, which the new government has just released; it wasn't released by the prior government. There are recommendations in there for change, and there needs to be change. You need to look at that task force report, because they have very solid recommendations.

Mr Colle: What's it called? Mr O'Toole: Implementation.

Mr Adams: The implementation task force, central east region. When I finish, I'll give it to you.

Mr Colle: Please do that. When was that report completed?

Mr Adams: Last year.

Mr Colle: It's just been released now by the new government?

Mr Adams: Yes.

Mr Colle: OK. That would be a good starting point for us.

Mr Adams: It would be a very good starting point.

Mr Colle: OK. I appreciate your clearly putting this before us. This is the kind of very down-to-earth advice and direction we need.

The Chair: I would suggest, if you have some information, that you would give it to the clerk. We'll make copies for all members of the committee.

Mr Adams: Sure.

The Chair: We go to the official opposition.

Mr O'Toole: Thank you very much, Robert. I know the work you do is important and often not appreciated, as you've described very aptly. I suspect I'd start where Mr Colle left off.

I'm very familiar with the central east implementation task force. I know Jean Achmatowicz-McLeod personally. I've been supportive in the House on the record of the slow and political divestment of the Whitby mental health centres. It's an untangled mess, technically, and since I was PA to health I was privy to the report. It wasn't implemented, because there was no money to fund the divestment. It was that simple.

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The divestment, some of which you described, was an issue of salary and wages, because the people in the centre today would get an exit wrap-up and a salary raise the very next day—you know, a new employer, and doing the same job the next day. It's a lot of money. It's more bureaucratic than anything, but it doesn't really help the community. Part of that was to provide community services, so it wasn't all institution-based services.

You've done a great job of pointing out the traditional underfunding, specifically of Durham, with high growth and young families and the stresses that go with it. You show central east as \$157 per capita based on a provincial average of \$208. Even within central east, we're one of the lowest ones, except for Northumberland.

The point I'm trying to make is that we've got a growing population and we have a traditional structural problem, and if they go with the base funding increase, we're never going to catch up, because we're starting at a lower plateau. What advice could you give the government if they re-examine fair per capita and community-based mental health programming? Do they have to look at the base starting point? That's my question to you, to give advice to the government.

Mr Adams: The reason I didn't bring up the Whitby Mental Health Centre divestment is because it's a whole different issue.

Mr O'Toole: That's right.

Mr Adams: I didn't want to raise that. It's a huge issue. I think if there was a start, just looking at the base budgets of the infrastructures of the agencies that are there, you could spend millions and millions of dollars trying to bring people up. I don't know. I didn't want to come here and ask for that, because I don't think that's realistic at this point.

I think you've got to hold on to the infrastructures of the base agencies that provide the core programs, being housing, housing support, crisis services and case management. If you can't even provide the core services, that's where it's going to have the biggest impact on the community.

The 2% isn't going to provide the core services and keep them there, but it's going to be something. As we negotiate our union contracts, it allows us to stop eliminating our staff. It's not a lot of money, in the big scheme of things, for smaller agencies. For us, 2% is \$40,000 a year. That allows us to keep two full-time staff of our 40 and a caseload of 100 people. That's 100 people who would not have service. That's a start.

There is a lot more that we have to do. The task force talks about that in terms of centralizing and probably amalgamating some of the smaller agencies.

Mr O'Toole: That's really what I wanted to get to. You listed the nine partners. They need to coordinate. They need to restructure.

The Chair: Thank you. We'll move the NDP.

Mr Prue: You've made a very compelling case. I don't think anyone can doubt the need that you have in Durham and that the need is probably greater per capita than in other places across the province. But the dilemma this government has is that there is a finite amount of money. They can get you the money in one of two ways: They can get you the money by raising more money and giving it to you to level it up, or they can take money from other agencies, from other groups, from other, richer areas, and share it around more evenly.

I know what's happening. We heard from the north. I live here in Toronto. We know what the mental health problems are here in Toronto and the amount of money they have. What are you suggesting they do? They're looking for a solution. They know your problem now. What's their solution?

Mr Adams: I don't want to suggest whom we take the money away from to give it to us, but one of the suggestions is that if the Ministry of Health of Long-Term Care is going to fund new programs, they have consultations with the agencies before they fund programs that they're funding, because there is pressure on them from the community. They need to understand that core programming is what keeps people out of crisis. There are other programs, but you've got to have shelter and housing before you have anything else. They've got to listen to that and understand that.

The other thing with the Whitby Mental Health Centre, is that there are dollars there that should have been moved out to the community. A lot of the clients at the Whitby Mental Health Centre have been moving out to the community. The promise was that when they moved out, the programming support dollars would come with them, and it has never happened. In places like hospitals and the Whitby Mental Health Centre, if they're going to shut down programs and move people into the community, they've got to move the dollars with them to the community agencies.

I'm not sure that helps you.

Mr Prue: I think it does. What you're saying, then, is that there are monies available in the system, and monies that you foresee coming to you will primarily come from the closure of the Whitby Mental Health Centre.

Mr Adams: No. There is no plan to close; it's to divest it from a government hospital to a private hospital. It's part of the provincial hospital—

Mr Prue: But that's where you see the money coming

from this government?

Mr Adams: There has been, in the past—with any divestment out of the hospital, when programs come out of the hospital, the support dollars need to come with them. Clients just can't come without the support dollars.

Mr Prue: I know that. Do I have more time?

The Chair: You have one minute.

Mr Prue: Then in that same vein, you are asking the government to redirect the health care dollars, specifically around mental health coordination; you are asking them to redivest it and spend it more wisely in the community in general, and in specific in your community. That's what you're asking?

Mr Adams: Yes.

Mr Prue: OK. That's pretty simple.

Now, first of all, the exponential growth in-I've got so many questions, and I've only got 40 seconds. The mandated programs are the same throughout all of Ontario, I would take it?

Mr Adams: The same types of programs exist all through Ontario. They are not mandated, but the same type of programming does exist throughout Ontario at different mental health agencies.

Mr Prue: So the things that are done in Durham are not dissimilar to what is done in the north or in Toronto or in southwestern Ontario?

Mr Adams: Right.

Mr Prue: So the funding, therefore, should be pretty much the same?

Mr Adams: Yes.

The Chair: Thank you for your presentation this morning.

TORONTO HEALTH COALITION

The Chair: I call on the Toronto Health Coalition to please come forward. You have 20 minutes for your presentation, and you may leave time within that 20 minutes for questions if you so desire. I'd ask you to state your names for the purposes of Hansard. You may begin.

Ms Pat Futterer: My name is Pat Futterer. I'm with

the Toronto Health Coalition.

Ms Christine Mounsteven: My name is Christine Mounsteven, and I am with the Toronto Health Coalition.

Ms Armine Yalnizyan: My name is Armine Yalnizyan. I'm a consulting economist, and I'm advising the Toronto Health Coalition.

Ms Futterer: Thank you for inviting us here today. As members of the Toronto Health Coalition, a watchdog agency committed to the preservation and strengthening of public universal medicare, we welcome this opportunity to be heard.

The first duty of governments is to protect their citizens. Public trust is at least partly predicated on taxpayers' faith that their government is advocating on their behalf, getting the best deal possible to ensure residents universal access to quality care. This is not strictly following the Zellers slogan. The lowest price is the law, but it does require that the government document value for money. Our auditors general would say that it makes no sense to be paying more in the long run for an inferior quality of health care.

In the next few minutes, we want to share with you not only our concerns about the future of public, universal health care, but also our suggestions as to how you might tackle your fiscal headache. We appreciate that you are in a financial bind. We also believe that you are sincerely committed to maintaining the integrity of a health care system that our Minister of Health described recently as "the very best expression of Canadian values."

Despite the fact that Ontario taxpayers are paying \$10 billion more for health care every year than when the Tories came to power, public health care is in very bad shape. Programs have been cut, services delisted, hospitals closed, home care budgets decimated, jobs lost. We have been led to believe, however, that your government does not want to continue with this legacy of crippling cuts and creeping privatization. After all, in the Liberal health care platform you assured us that you would make "a legal, binding commitment to public medicare and ensure that [we] have the information to hold any government accountable for delivering quality health care."

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Notwithstanding the current fragility of our health care system, we believe that it can be revitalized and strengthened. We are not naive, however. The reality is that you have inherited a \$5.6-billion deficit and you are calling on the people of Ontario for help. Although we have concerns about many other health care issues, we are going to focus on the P3 hospitals.

Prior to the election, the Liberal Party campaigned against P3 hospitals. In the Ottawa Citizen on May 28, Mr McGuinty said, "What I take issue with is the mechanism. We believe in public ownership and public financing [of health care]. I will take these hospitals and bring them inside the public sector." We support your position wholeheartedly. Let's get them back in the public sector.

Obviously, you want to be fiscally prudent. We want to suggest ways that you can revert to public finance and control over our hospitals and avoid going the P3 route, which we see as the road to disaster.

Ms Mounsteven: Aside from the William Osler Health Centre in Brampton and the Royal Ottawa in Ottawa, the P3 option is being considered for other hospitals in Ontario. There is no question that these facilities are needed. Residents and politicians of Ottawa and Brampton, for example, are very aware of the need for expanded acute care services in their communities. There is also no question as to who's paying for these new facilities: We are. After all, there's no such thing as free money. The question is, are we paying too much, or perhaps not enough, for the services we say we want?

According to information about P3 hospitals in Britain, for example, PFIs, or public financial initiatives,

can drive costs up higher than necessary.

Evidence in other jurisdictions also points to the fact that not only is the P3 model usually more costly, but because of the need to make a profit—and this has to be the bottom line in privatized health care—costs have to be cut. Health care is about care, and care about people. When costs are cut in order to make a profit, both quality and the extent of service are in jeopardy.

The fact is that health care turns on labour costs. Let me elaborate. Whether you're building a new for-profit hospital or a new not-for-profit hospital, there is no magic labour-saving technology. In such a labour-intensive industry, the temptation is to cut labour costs. In light of the current nursing shortage crisis in Ontario, this could be disastrous. Operating costs might be lower, but these reductions rarely make up for the profits taken, so the taxpayers are no better off as far as dollars and cents are concerned. In fact, they are far worse off, with lower levels of patient care than might otherwise have been the case. The issue is labour, not capital, and for-profit schemes can't solve the supply of labour problem. They can only offer up more expensive capital and reallocate the existing supply of labour.

As well as our concern around cost and getting value for our money, there is the whole issue of accountability. In November 2003, the Liberals announced that they were proceeding with plans for redeveloping both the Brampton and Ottawa hospitals as P3s. Here's where the lack of transparency comes in. We did not see the contracts before they were amended-if they were amended. We have not seen a summary of the revisions. We have not seen the current existing contract. All we really know for sure is that an arrangement was made between the government and the private companies involved in the building and operating of the hospitals. We also learned that we are now mortgage holders, not renters. What does this really mean? How is the new arrangement any different from the deal struck by the previous government? It is unacceptable that taxpayers are being told to have faith that this is the best deal possible, or even an improved deal.

Prior to the election, we were assured that accountability was one of the top priorities of the Liberals. In fact, if you visit the Liberal Web site, you will read this

promise: "We will make accountability to the public a central principle of medicare in Ontario."

If you want us to help you solve your fiscal difficulties, we need more information. The public has no idea what other financing options were considered by the government as far as the Brampton and Ottawa hospitals are concerned. Was there any analysis of the costs of public financing, including and excluding the costs associated with cancelling the contracts versus the costs of the P3 deals? If alternatives were considered, why are these documents not public? If alternatives were not considered, why not?

Apparently, the cost of cancelling the P3 contracts was considered prohibitive. What does that mean? Why haven't we been told how much of a cancellation penalty the Ontario taxpayers would have to pay? Given that we have had little information, are these contracts even a done deal? Again, if you want us to help you solve your fiscal difficulty, we need more information.

Ms Yalnizyan: In the interest of brevity, I'm going to depart from the presentation that we are submitting to you. I'm going to say that, as an economist, I want to make a case for you about what I think is the most fiscally responsible and sensible financing option you have in front of you to be able to build these hospitals that the electorate has said are needed. I'm going to lay out how you can protect and expand public health care as the key goal that you have claimed for your mandate and a key goal of the electorate of Ontario, and I'm going to show you why P3s will not provide you with more for less. But there are mechanisms that are only available to you as a government that will provide, for the Ontario taxpayer, more for less.

The Tories used to say that P3s are faster, better and cheaper. They can't be faster just because they're P3s. The speed at which a hospital or anything else is built is a function of the contract that you negotiate. That's the same for a for-profit as it is for a not-for-profit, an investor-built versus a publicly financed hospital. Are they any better? To date we don't have any evidence that is uncontested that investor-owned facilities provide higher quality care. I won't go into the details of where the evidence is on that, but it's in the submission.

Are they cheaper? Even the advocates for P3s now no longer say that P3 financing is cheaper than public borrowing, because it's not. They give the reason for going P3 as to get your borrowing off the public books. They also give the reason that going P3 permits you to bundle other services, but they'll never tell you that borrowing from the private sector is cheaper than the public sector, because it's simply not.

Here are the three reasons why it's not. First of all, the government has economies of scale. As an economist and a woman, I'll tell you, size matters. Let's just go through how this works. You know that an individual will pay more to borrow money than a business. A business will pay more to borrow money than a developer. A developer will pay more than a municipality to borrow money. The Ontario government pays less than those developers.

The federal government has the lowest rate of borrowing of anybody. Why? Size matters. We're talking about economies of scale here. Government is big enough and can buy on a large enough scale to achieve better value of money for public dollars, if we buy strategically. Think of it as bulk buying, but in a capital market instead of at the grocery store. The bigger the volume purchased, the less expensive the unit price. The bigger the purchase, the lower the risks and costs associated with moving product, right? It's a very simple principle.

Bulk buying is something that we have not used effectively with our governments through procurement features, and we're certainly ignoring the lowest interest rates in 40 to 45 years—historically low interest rates. This is the time to buy capital for the capital needs we have, yet we've got this ethic that says, "No more public borrowing." This is wasting the public dollar and let me show you exactly how.

Looking at the Royal Ottawa Hospital, the estimate is that it's about a \$1-billion deal. We have, as my colleagues at the Toronto Health Coalition have pointed out, several other hospital expansions and rebuilds or new builds that are necessary across this province. The Ontario Hospital Association probably made a presentation to you indicating that there's between \$7 billion and \$9 billion in current capital needs in the hospital sector alone of the health care system. Remember, as my colleague said, we are spending \$10 billion a year more today than we were when the Tories came into power and we're still struggling with what we're doing with our money. One of the things we should not be doing with our money is wasting it on how we're building anything.

Let me show you how P3s will waste money. I'm going to put you through a very short scenario—you will see the table on page 6 of what's been presented to you. Currently, the 21-year bond rate in Ontario is 5.56%. That's the longest-term bond. You can get a 30-year bond, but it's harder to sell, because there are very few investors out there who want to gamble on a 30-year deal, given that interest rates are at 40- to 45-year lows. At the federal level it's 5.2%.

I am giving the developers the benefit of the doubt, and Γ'm giving the government the benefit of the doubt, that the P3 deals you negotiated are only giving them a quarter of a percentage point over prime that the government can borrow at. So we're assuming that if you can borrow by floating a bond at 5.56% currently, they are going to get something on the order of 5.75% in the deal you are offering.

But that is not the end of the story, because when public purses borrow, they borrow all the money they need. A private developer always has to put down some equity. Think of it as the down payment on a mortgage. Whether it's a business or a home, you have to put some pool of capital up front to be able to borrow money. That equity capital has a different rate of return. Again, being very generous, I'm going to say that the developers, because of the hard-nosed deal that is being driven by

this government, are only going to get a 10% rate of return on the 10% they put down. You know that mortgages are usually between 15% and 20%. You also know that in today's business climate everybody is going to a much more high-risk environment, so I'm assuming they are only going to put down 10% on the new build.

All my assumptions all the way down the line are extremely conservative in terms of the type of deals you're going to get through P3s. In fact, there are not many developers who will even bite on these types of deals, OK? But let's assume that this is the very modest type of deal you're getting so that you don't have to put more debt on your public books. This is not about smart finances; this is about smart politics, the optics of small debt. Let's assume that's your goal. So, how much are you asking Ontario taxpayers to pay?

If you take a look at the chart on page 6, you will see that for just one deal like the Royal Ottawa, you're going to ask Ontario taxpayers to spend \$7 million more a year for the privilege of having these numbers off book. If we decide to do all our capital needs, we as Ontario taxpayers are going to be spending between \$7 billion and \$9 billion for the same privilege of simply letting developers raise the money instead of you guys floating the bonds. We're going to be spending somewhere between \$47 million and \$61 million a year under these most extraordinarily prudent assumptions of what these deals look like, which are highly unlikely.

These are not one-year deals; these are 30-year deals. So what are we asking the Ontario taxpayer to do? We're asking them to spend no less than \$200 million over the lifetime of a deal, for one deal, for one hospital, and if we decide to move all our public capital needs in health care to a P3 modality, we are looking at up to \$1.8 billion. This is money for nothing. This is money to make the books look good. This is not prudent, and the Auditor General showed us yesterday that the public expectation of your managing our money well is at an all-time high, and when you spend \$10 billion a year more on health care than you did when the Tories came in, you'd better prove to us that you're spending our money prudently; it's as simple as that.

I want to finish very quickly by asking, what could you do if you didn't use the P3 route? What could you do with that opportunity cost, that \$7 million a year for the Royal Ottawa Hospital, or any of these other things? For \$7 million a year, you could hire 117 new nurses. Your government right now subsidizes or supports the cost to universities of training nurses to the tune of about \$35,000 over the life cycle of a nursing degree; this is just the post-secondary cost. For \$7 million a year—this is one hospital, one financing deal-you could be training 800 new nurses. We've got a labour shortage. We've got a demographic crisis in our nursing business. You could be training 800 new nurses in this province over the course of the next four years. So it's not like you don't have options, things you could do more reasonably with our taxpayers' money.

I'm going to wrap up there. I'd be more than happy to discuss any of my numbers and assumptions with any of

you. I'll leave my business card also, if you want to pursue this.

I just want to wrap up by saying P3s are wasting taxpayers' money, and they waste the public trust, just because governments don't want to call a spade a spade. There is no free money out there. The electorate of Ontario voted for change. They want basic services supported and even improved. They do not want continued erosion of services. To maintain and expand services, you have to spend more. There is just no way you can do it any other way, and the only way you can do it is by spending more through raised revenues. There's not some way of shuffling money within the existing envelope you've got.

We've got a historic opportunity here with low interest rates. If we don't start borrowing publicly, you are basically saying to us that public trust is not merited here, that we invested in the wrong government for the wrong purposes. I'm sincerely hoping that the flirtation with P3s that this government has indicated does not become another unnecessary chapter in the book of lessons learned about government waste, a chapter we're going to read about from our own Provincial Auditor next year.

The Chair: Thank you for your presentation. We only have time for one question, about a minute and a half, and in this rotation it goes to the government.

Mr Wilkinson: Thank you so much for your presentation. By training, I'm a certified financial planner. Just a quick question, though: I take exactly what you're saying, but if the government were to embark on a massive borrowing through public bonds of, say, \$9 billion in the health care sector alone, would you be concerned that the credit rating of the province would be reduced if we went to the market for a huge amount of money just for hospitals? We've gone from \$50 billion to \$90 billion to \$114 billion, with another \$20 billion of stranded debt, and we're paying \$10 billion a year in interest. Your presentation is excellent, but there always is the other side of the coin that we have to face. As an economist, I'd be interested in your comment.

Ms Yalnizyan: I'm actually fascinated that you're a financial planner, because nobody's saying you have to undertake all of this right now, at this second. This is about prudent planning. If those needs are there and must be met immediately, and the scale at which that capital starts rolling in is something you can stagger, you don't need that \$9 billion up front, notwithstanding what the Ontario Hospital Association had said.

With respect to the crowding out effect and raising the

credit rating-

Mr Wilkinson: Lowering it and then raising interest

Ms Yalnizyan: You're furious that we would raise the credit rating and therefore the cost of capital if you start squeezing out the capital market. You go into the capital market for, say, \$7 billion to \$9 billion for hospitals alone. You need X amount for infrastructure elsewhere water and sewage; I don't know where you're going. But let's assume there's a large-scale increase.

First of all, the federal government should be borrowing money on our behalf for projects of national interest. In the post-war period in 1948, the federal government did most of the financing of hospital builds in this country because the provinces said, "This is crazy. Why are we borrowing money? You can borrow it cheaper for us." In an era of renewed co-operation with the federal government, governments of like mind, maybe there are ways of moving forward in your health negotiations and talking about how we share not just capital costs for medical equipment but also capital costs for infrastructure builds. You've got a \$3-billion infrastructure build on the horizon. How do we maximize the public punch? How do we get all levels of government working for us so we're not paying money we don't need to pay?

The Chair: Your time has expired. Thank you for your presentation.

Mr O'Toole: On a point of order, Mr Chair: I just want to ask the economist: Do I understand bonds aren't the same kind of-

The Chair: We don't have time for that. You can ask her at the end of the meeting. It's not a point of order.

Interjection.

The Chair: Your time has expired. I'm sorry. Each group would like to go longer. Unfortunately, the agreement is 20 minutes.

This meeting is recessed.

The committee recessed from 1212 to 1300.

The Chair: The standing committee on finance and economic affairs will please come to order.

ONTARIO COMMUNITY SUPPORT ASSOCIATION

The Chair: I call on the Ontario Community Support Association. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions if you desire within that 20 minutes. I would you to state your name for the purposes of Hansard.

Ms Valerie Bishop-de Young: My name is Valerie Bishop-de Young. I'm the president of the Ontario Community Support Association. I want to thank you for the opportunity to be here today. I've travelled from Ottawa to join you here today and I'll return home today as well. But that's the value we place on these kinds of consultations, so we appreciate the opportunity.

OCSA, the Ontario Community Support Association, represents 360 not-for-profit community agencies, 25,000 staff members and 100,000 volunteers across the province. We provide service to 750,000 people per year, and our volunteers donate about 2.5 million hours of service

per year.

Community support agencies receive about 60% of their funding from the Ministry of Health and Long-Term Care and, in total, between fundraising, community donations and client copayments, which are necessities of our current reality, we represent about 1% of Ontario's health care budget. Our services include attendant care, which is very high-level personal care for people with progressive disease conditions or with disabilities, palliative care, personal support, caregiver support, Meals on Wheels, Alzheimer day programs, transportation to doctors' appointments and client intervention: the things people need in order to stay at home and stay healthy. Twenty-seven of our agencies are also contracted with community care access centres, so they provide that nursing, therapy and personal support service as well. The CCAC system represents about 4.2% of the total health care budget.

What we need is a health care system that is positioned for the 21st century. We believe we have to reposition Ontario's health care system so it is sustainable in order to meet the new and emerging needs of a growing, aging population demographic. Our health care system was designed to be preventive and proactive, not remedial and reactive, and that's where it is today.

From primary care up to quaternary care—our hospitals representing tertiary level acute care—we are at the grassroots level. We're ground zero. We're in people's homes, in their apartments, we're on the street and we're in the shelters where people need the service. A seamless continuum of care takes people from home up through the system as they need it. But care has to start in the home. Hospitals are at the tertiary care level, and primary care is where people choose to live. People live in communities, at home, not in hospitals.

Our funding needs to reflect the focus on prevention. We need to go back to first principles in health care. We need to look at prevention and proactivity. So we need to look at where the dollars can give you the best bang for the buck, and that's in community support. We meet people where they live. Funding needs to be siloed there and needs to be put into the system proportionate to the value that is placed on the service and the role we are expected to play in the system. The current health care expected to play in silos. An ideal system would offer incentives and encouragement for local health care initiatives at the grassroots level to allow people to stay at home where they want to be. Real change has to come from the local level, from the bottom up.

A comprehensive home and community care system includes support for persons of all ages with chronic conditions and disabilities, so they can stay where they want to be. It includes adequate home care for post-acute patients, it includes palliative care and respite for palliative patient clients and their families and it includes case management for clients with mental illness. A comprehensive system needs to provide the right service at the right time in the right place to help them age in place successfully for as long as possible.

What are the early opportunities for change? We feel that Ontario is positioned perfectly right now for change. We need to make more efficient use of our hospitals. A recent study this past week was announced, emerging from the Ottawa Hospital with Dr Forster, and I was pleased to be able to sit on the panel with Dr Forster to support the findings of the Ottawa Hospital. They found that one in four patients gets sick again after leaving

hospital, mostly because of lack of follow-up in the community. Home care, community care, isn't available, and this creates the revolving door. That's a reactive system. That was cited in the Canadian Medical Association Journal.

We need support for greater coordination of care for frail elderly persons and for people who live with chronic disabilities and progressive disease conditions. The Marcus Hollander studies—there are several of them—refer to the proven evidence that home and community care is cost-effective alternative to hospitals, nursing homes and emergency rooms.

Support for community mental health programs: Evidence-based research shows that when community mental health is adequately funded, hospital visits by mental health patients are reduced by 80%.

Our hospitals are limping, and community-based health care is basically in critical condition. Funding has not reflected the values that we place on our health care system. Our funding has been a knee-jerk response to photo opportunities, quite bluntly. It has produced bricks and mortar, and very few service improvements, rather than reflecting the intended design of the health care system and the values of Ontarians. You are positioned to help to change that.

Community supports can provide care for as little as \$5 a day, depending on the service that's needed. And some people just need something as simple as a meal delivered each day to maintain their independence and to stay at home. I'm sure we all recall the horror stories of the past year or two, where service cuts happened because of lack of funding in the home care system. I know in Ottawa there were two patients found passed away in their apartments because they didn't have a meal delivered. Services were cut back that much without funding.

We have examples of people with progressive diseases, such as, in London, Ontario, a lady with multiple sclerosis. It's a progressive degenerative disease. She has worked all her life. She's in her early 40es and is unable to carry on. She can, at best, access 30 minutes of care three times a week. This woman needs help with the basics of personal care; 30 minutes every second day doesn't do it. There are wait-lists existing, there are new wait-lists emerging all the time.

Community supports have received a total of a 2.5% increase over the last 11 years. The cost of living has risen over 40%. Many agencies have had to ration the amount of services they provide. Wait-lists grow; needs are unmet. Deficits force client service reductions and agency closures. Wait-lists put Ontarians at risk.

Funding needs to be stable. Unstable funding means there are service cutbacks. People don't get their care plans met. They don't get the kind of care they need, where they need it. That in turn results in a negative cost spiral in which home care funding is reduced and hospital funding is increased. It leads to greater demands on the acute care system and residential care services, because

people simply can't cope at home. The increased demand is then used to justify further increases to institutional budgets, and that results in further decreases to home care. It's just a spiral and an ongoing circle. It creates further rounds of increased demands on hospitals and long-term-care facilities, and the saga continues.

Our recommendations for immediate action would include an immediate injection of \$50 million, as opposed to the \$450 million I know some of the other silos are asking for. Premier McGuinty committed to this in his first budget. The former government committed to it in their first budget as well. When I met in Ottawa last year with a minister of the former government and addressed the issue with him, his response was, "Well, we need more time," and my response to that was, "You've had eight years. How much more time will it take?"

Mr O'Toole: You're running out of time.

Ms Bishop-de Young: Let's not let this government run out of time.

Mr Prue: I second that.

Ms Bishop-de Young: We believe you need to undertake a review of the community services infrastructure. We need to correct the chronic underfunding of community support service agencies. We need to examine the types and availability of services that should be supported across Ontario, because there are inconsistencies, and provide financial incentives for the best local practices.

Undertake a review of the community care access system: We know there are system savings that can be found. We're not asking necessarily for new money; we're asking for a system review. We're looking at at least a \$70-million case management overlap that exists in the CCAC system, and that can be moved into direct services to clients, who have had their services cut by 30% over the past few years. It is documented that 115,000 people have lost service in the last 18 months.

Countries with the best outcomes and the lowest expenditures of gross domestic product have strong primary health care systems, and that includes home and community care. They focus on the preventive model of health care. If people aren't healthy, they can't learn, they can't achieve and they can't work. This is a reduced quality-of-life issue.

The Ontario Community Support Association's members continue to work with clients and caregivers to ensure they are engaged in discussions and decisions about their health care services. We promote system change with our partners in the health care system. Now is the time. Ontario is well positioned to introduce new thinking and models for health care based on a foundation of cost-effective, community-based primary care for people, rather than a hospital-centric model. We look forward to continuing to work with the government to ensure that Ontarians get the most appropriate and cost-effective health care.

Attached to the presentation is an excerpt from Premier McGuinty, a letter of promise from him; contact

information where you can reach me or the CEO for the association; and a bit of background on home and community care in Ontario. Thank you.

The Chair: We have about two minutes per party for questioning, and we begin the rotation with the official

opposition.

Mr O'Toole: Thank you very much for your presentation. I would say that it's clear to me that you have the ear of government. As I read my clippings this morning, I'm just quoting Minister Smitherman, where he spoke yesterday to the University Health Network and said, "'Not all progress that is required in our health care system need come with a big, fat cheque attached.'

"His comment came a day after Premier Dalton McGuinty revealed the government plans to transform health care by emphasizing"—much what you said—"public health to prevent illness, focusing on home care rather than on hospital care, and increasing the role of pharmacists, therapists, nurses and nurse practitioners in dealing with patients."

That primary care initiative has been a long-standing reform, but no one has the courage to take on the hospitals and the doctors. That's the deal. Yesterday the hospitals were here asking not for \$400 million; \$1.45 billion was the real number. Our researcher has that number. It's probably bigger than that, but that's just to get them where they need to be, not going forward.

The other part is, I would say you've correctly outlined that the government did take some money out of hospitals' operating budgets. There's no question. It was a formula calculation, with quicker discharge into the community, and that's what primary care is. There's about \$1.5 billion in that envelope today, as you know, I'm sure, in the community care access centres.

My approach to you is, I do work and will continue to work, because I do support what you say. It's going to take some awful courage because, as you know, the OMA is going to bury us with tests, and the negotiations are ongoing. They run it. They're not giving the nurse practitioners one billing code—not one. That's the issue in primary care.

My question to you is, can we better coordinate the other services you've outlined on page 2: attendant care, respite services, palliative care, hospice services? The CCACs should be the one window. They should be the intake case managers from birth to death, in my view. You can't have—do you agree with better coordination at the community level?

Ms Bishop-de Young: I agree with better coordination, absolutely. I'm not sure the CCACs are in a position to do it.

Mr O'Toole: Whatever. Mr Prue: Absolutely.

The Chair: We'll move to the NDP.

Mr Prue: Good answer. I have to tell you, everything in here makes sense. We have heard this from a number of groups. In fact, I think all members of the committee understand that what you are proposing will in the end save money, and if it doesn't save money, at least it will be less expensive than the hospital alternative.

Ms Bishop-de Young: Absolutely.

Mr Prue: I did notice over the last number of years in Toronto a significant downturn in the amount of care that was given to people. I think one of the saddest cases I encountered—and I'd just like you to comment on whether this is happening in Ottawa—was a World War II veteran who had some form of dementia and his wife was trying to keep him at home. She had community care come in to help her a couple of hours a week. She got three one-hour tours that allowed her, first of all, to give him a bath, because he was a very large man; the second time would be to allow her to go and do the shopping; and the third time would be her one hour off a week. They reduced that to one hour, or less than one hour actually, which did not even allow for shopping. She was told that if she didn't get back in time, they would leave him unattended. Is that the kind of thing that has happened in Ottawa as well? Quite frankly, it was appalling to me that we would do that to a veteran.

Ms Bishop-de Young: Sadly, it's happening across the province, not just in Ottawa. Veterans Affairs will support some home care services, yes, but it is a question of eligibility. If they go through a community care access centre, then they go through the public system, the former OHIP system per se. So it's a funded system.

Getting back to your comment, it's happening across the province. I guess the gentleman in question is fortunate that he actually had his one hour maintained. So many people had things cut right out from under them, with nothing. They literally have fallen through the cracks. There is no way to track what has happened to those people. The system doesn't fund or support that kind of tracking. I don't know if it's because we don't want to know what happens, but we should be knowing and we shouldn't let it happen in the first place.

The Chair: We'll move to the government.

Mr Colle: Thank you very much for your presentation. Just to let you know, the first presenter this morning was, I think, one of the model community care centres in Ontario, and that's SPRINT.

Ms Bishop-de Young: SPRINT is a member of OCSA, a member organization of my association.

Mr Colle: They did a joint presentation with the Anne Johnston Health Station. They do a lot of coordinated work together, which I think is an excellent model.

I guess the critical thing here is that what you've given us basically is a way of delivering health care cheaper, quicker, more efficiently, without silos, without bricks and mortar, without all the fancy trappings. As a committee, those are the types of things we're looking for. I for one will say that one of the suggestions we will take to the Minister of Finance, I hope, in consultation with the rest of the committee members, is that we start getting out of the old silo system and look at the new health care imperatives. This is, I think, the way to go, and I encourage you to keep doing it.

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I'd like to get more information on the CCACs and how we can get rid of those middlemen so we can get the services directly to the people. If you've got a bit more information on that, I'd like to get that, please.

Ms Bishop-de Young: I will do that. I will make sure it gets to you.

The Chair: If you provide the information to the clerk, then all members will be able to share in that.

Thank you for your presentation.

Mr Prue: On a point of order, Mr Chair: I intend to move a motion in this regard relating to page 11 of this today at 4 o'clock.

Mr O'Toole: In the same vein, Chair, I would just give notice that I have a number of motions to move today and will not tie up presenters' time until after the hearings. You may have to delay the bus.

The Chair: Thank you.

ONTARIO SCHOOL BUS ASSOCIATION

The Chair: I call on the Ontario School Bus Association. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you desire. I would ask you to state your names for the purposes of Hansard.

Mr Kirk Flach: Kirk Flach.

Mr Michael Murphy: Michael Murphy.
Mr Richard Donaldson: Richard Donaldson.

Mr Flach: Mr Chair and members of the standing committee on finance and economic affairs, thank you for the opportunity to present to you today. My name is Kirk Flach, and I am president of the Ontario School Bus Association. I am joined by Mike Murphy, co-chair of our viability committee, and Rick Donaldson, our executive director.

The OSBA represents 230 school bus companies operating over 12,500 school-purpose vehicles across the communities of Ontario. One very interesting figure you should be very well aware of is that 63% of our members operate 20 buses or less. We are very much family-owned and operated businesses which every day transport over 800,000 students, representing 43% of the daily student enrolment.

Last week you would have heard from Ron Malette in Timmins and Gene Trottier in Thunder Bay. These two operators described the many challenges facing our industry in rural, northern and remote communities. Today, we want to reinforce their presentations and provide the committee with our recommendations and solutions to the long-standing issue of a fair and equitable student transportation model recognizing the needs of students and the real costs of school boards and school bus operators.

I'll now ask Mike Murphy to continue the presentation.

Mr Murphy: I'm encouraged, Mr Chair. I know that you've taken some of our issues to the Legislature two or three times and are not perhaps done with that. I also want John to be easy on me since I'm a constituent of Perth-Middlesex.

Mr Wilkinson: That is my children's school.

Mr Murphy: We will be as quick as we can and hopefully allow time for some questions.

I come to you as a bus operator from southwestern Ontario. I've been on the funding review committee for the province since its inception in 1998. I chair a couple of operators' associations in southwestern Ontario, in the Huron-Perth area and the Thames Valley area of London. My family has been in the business since 1946, so I've spent virtually all my life in this business and I'm trying to figure out where the line is between being stubborn and being strong-willed. I'm still working on it. I'll get back to that later.

I need to tell you that the operators in our area and, really, in all of the province have a tremendous record of cooperation with the boards and the government and, most importantly, in caring for the kids who ride with us on a daily basis.

In terms of costs, we've run out of options, given what insurance has done to us over the last two years, when it has doubled. I have issues, like you do, with fuel, the cost of vehicles and parts. We've tracked that over the last 10 years, and those numbers are up about 60 points.

We need to talk about our drivers, because they are really the backbone of the system and many of them are now working longer for the same pay they were getting three years ago. The fact is that I have to buy tires, I have to replace the windshield, I have to repair and safety-check the bus, so what's left at the end of the scale sometimes, unfortunately, is that our drivers don't get recognized or increased as much as they should. But they are my kind of people, and they are really the soldiers of the industry. They're only as good as we are. If we don't have a good driver behind the wheel, all the other tools are lost.

I've compared some of the funding for student transportation in other parts of Canada. I can tell you that I've checked BC, New Brunswick and Quebec, to name a few, and on a per student basis we are behind.

School board directors tell me that they must have a viable transportation industry in order for them to deliver programs. We have to get the kids to where the schools are located and to where the skilled staff are waiting for them.

We've been a partner and we will continue to be a key partner in the system of the province. We're here to ask you to address what I think is a doable thing and to continue what Mr Rozanski studied and reported on a couple of years ago.

It's hard to believe that in 1992, the Ontario government estimated that there would be \$700 million spent on home-to-school transportation for the kids of Ontario. Last year, that file was at \$651 million. I can't think of anywhere else in education or in any operation that an account is 7.5% less 11 years later.

You're now scratching your head and wondering how we did that. Well, we're running the fleet harder and we're running it longer. In other words, we're now doing double runs and triple runs. The buses are better buses than they were 12 years ago, so we're able to get a couple

of more years out of them. And our people are working longer hours and harder in order to make the system work

Can we find anything else? The answer is no. I'm not saying the funding needs to be doubled, but we have to finish what the committee has studied, what Rozanski has recommended and what the previous government committed to, and get on with it. We need to get the correct funds into the correct hands and focus on funding transportation where it's needed.

We call the current system rough justice. It's mirroring a distribution of funds that was in place in 1994-95. As time has gone on, school boards' needs have changed: schools have been closed, they've been built, populations have shifted. In some areas the money is not where it should be, and in other areas there is too much where it shouldn't be.

I can tell Mr Wilkinson that the Avon Maitland board is \$900,000 overspent on their transportation file. The Thames Valley board is in a like position. They just haven't been able to fund it through the transportation file.

We've studied the thing for six years through the funding review committee. Rozanski identified that, as of two years ago, it should be \$691 million, so there are some adjustments from that.

The ministry does have a model. We do have a study. We've identified the issues. There is a solution that's attainable, and I need you people to help us take the opportunity and finish this thing.

Can we help? Yes, and we're prepared to continue to. We have been and are still at the table. We know that we can co-operate. I've been pretty proud of the fact that, for one of the first times in our industry, we had school boards, bus people and government people at the same table for the period of the last five or six years working on this project. We are able to assure you that you will get value for the dollars spent.

There is a fair and a better system for setting operator rates available. We filed a couple of copies here today. It began with the old Perth board, Mr Wilkinson, and was fostered through the Avon Maitland District School Board. It has been studied by the province and is recognized as one of the models that's already on the table.

1330

We need a government system that will monitor, identify and react to our costs and issues. We need that badly, and perhaps a directorate of student transportation is the answer to continue to monitor us and keep us honest, if you will, and keep everybody in the industry honest.

We need a continual working committee with government, with school boards and with operators that will assure us that your resources are being used wisely and also safely. We need representative boards; we need representatives of the Legislature and operators to do that.

You need to remind your people—your cabinet, your Management Board etc—that we're your backup; we're

your relief valve. We are the last chance you've got when a building fails. I've had it happen: The fire marshal closed a building, we were called and moved the kids to another building. When there's an overflow and there's no portable available or whatever, we're the ones who get the kids to where there are seats. We're often a better buy than more bricks and mortar. I need to remind you that we're your first representative every morning and your last ambassador every afternoon when we drop them off at the gate.

Nearly half the kids in Ontario who go to school ride with us. Riding that school bus is a big part of their day. It's an important part of their day. If they're not ready to learn when they get to school, all that other expenditure

really is somehow partially wasted.

We all need to think about the special-needs kids. They really are, I guess, the kids who are most dependent on us. They don't have a lot of options, yet their funding for transportation comes out of the same pool as any other kid in a regular stream class. There is no special transportation funding for special-needs or special-ed kids. There's no policy that can protect a board from that expenditure. If a child is identified or is in a wheelchair, we have to transport. There's no policy that says, "No, they don't get a ride." Often, that expenditure takes away from regular home-to-school transportation and puts that much more pressure on everybody.

Sometimes declining enrolment has really created an extra cost in transportation. If a school is closed, it usually means more kids getting a ride to where there's a school available, or that classes have to be shifted to get to fewer teachers who have the expertise to teach those kids. So when we reduce the boards' per student allowance because of a declining enrolment, transportation sometimes has gone down as well, although in fact the transportation requirement went up, not down, with the reduced enrolment.

I think we have an opportunity to move forward, and I'm not coming to you today with an impossible task. We're the only area that has not got a model in education. We've looked at it for six years. We have a study. We need your leadership. The teachers need our leadership. They can't teach students who don't get to their class in a safe, secure, on-time, ready-to-learn environment.

Education is now over \$15 billion. I probably don't have to remind you of that. What we need is to put in the final \$40 million of what Rozanski recommended two years ago, plus whatever adjustments since August 2002. It's a small portion of the education expenditure, but it's important enough that if we don't do it, the model will fail. It will fail because we'll have too many losers. There are so many boards right now that don't have the funding in the right place. If we don't put their last piece in, you'll have too many boards that will be upset with you, with me and with the committee.

We've worked hard together. I think we've identified that there isn't a lot of fat in our industry or in the transportation file with the school boards or with government.

We have been at the same table and we do have a vision. Is it perfect? No. Are we done with our study? No. But it's time for government to step up to the plate and not leave us on third with two outs.

Again, I'm told there's a fine line between stubborn and strong-willed, and on this one I'm asking you to be strong-willed. I haven't got my own figured out yet, but I want you to be strong-willed.

Mr Flach: In summary, Mr Chair and members, the Ontario School Bus Association urges this committee to recommend to the government that, first of all, the new transportation funding model, outlined by the Ministry of Education in June 2003, be implemented as planned for September 2004; and second, that the funding for student transportation for September 2004 includes Dr Rozanski's recommendation of \$691 million plus adjustments to the benchmark costs from August 2002 to August 2004.

The government's plan for education, called Excellence for All, says that school boards in rural and northern regions need funding that reflects the transportation and other costs of far-flung regions. We understand that schools in urban, rural, suburban and northern areas have different needs. The funding they receive should reflect the needs of those communities.

We submit this as an affordable promise to keep this year. Thank you.

The Chair: Thank you. We have about two minutes for each party, and we begin with the NDP.

Mr Prue: You have said much today that we have heard from other presenters. I'd just like to zero-in. I think the most compelling one we heard was in Timmins, from northern Ontario, about the difficulty of sometimes keeping the buses running when it's 35 below, because if you turn them off, they may not start again; about the waiting times for children, waiting in 35 below temperatures, and things we don't often see in southern Ontario.

What can we do other than money? I'm sure they're going to give you all the money you need. What can we do to better serve the students and ensure the health and safety of children, sometimes in lonely and isolated spots, being picked up in rural places, or the cold and extreme temperatures that one might find in Canada, generally, and in the north in particular? What can we do to have a better pickup system? Would that require—the second part—additional funding? I know you're doing the best job you can possibly do, but from what I heard from them, I'd like to do it just a little bit better.

Mr Murphy: The committee has identified that there are costs in northern Ontario that are over and above the costs that there would be in the Toronto area, or even southwestern or eastern Ontario: inside storage for buses so they've got a good, clean start first thing in the morning; assuring the proper fuel mix, which is virtually stove oil at that point in time in that area; and allowing the boards enough flexibility in their timetabling and scheduling so that they perhaps don't feel the pressure to operate when there are those severe conditions. I'm an advocate of year-round. I'm probably not going to be

supported by a lot of people at this table, but I think if you had year-round schooling in some areas, it would allow the people who are there the flexibility to operate when it is more advantageous and safer.

The Chair: We'll move to the government.

Mr Wilkinson: Thanks, Mike, for bringing the people. I have just a couple of comments. We have a system that has no funding model, which is, from a business point of view, stupid. We have a system we've been underfunding, and as a result the industry has done a wonderful job. I know that in my home riding, both coterminous boards work together. The Ministry of Education insisted that the boards spend \$250,000 for a fancy piece of software to help bring efficiencies. They spent that money, and the software said you couldn't run it any leaner or more efficiently than they do in the Avon Maitland and the Huron-Perth boards.

As someone who went to school on a school bus, and whose kids go on a school bus, I think the thing we have to remember is the human aspect. As a parent, I want the school bus operator to be someone who's in that career because they love kids. They don't do it for the money; they don't. They do it because they love kids. We have a situation where it's almost impossible for the school bus people to hire good people because it's not anywhere near competitive. As a parent, it is important that we listen to Dr Rozanski, who was hired by the previous government, who clearly said that we have to put in the money necessary to make sure that our kids are safe, that they get to school safe and get home safe, driven by someone who cares about them when they are picked up. I applaud your efforts, and we'll just try to be as strongwilled as we can, Michael.

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The Chair: We'll move to the official opposition.

Mr O'Toole: I think he has pretty well eaten all the apple pie. Anyway, I do agree, having been a trustee for a couple of terms, and know how difficult it has been, even between boards. I'm very familiar with the issue, and I know there has always been this annual top-up funding which never became part of base funding; I think it was about \$30 million that they would come out with every year to get you out of debt. I'm familiar with the Trapeze program and GPS and how they're trying to logistically organize this thing. I commend your courage, because if you talk about anything outside the current paradigm, like year-round schooling, "Oh, that"; also 9 to 4, anything outside that paradigm, "Bad."

When you look at better utilization of capital in this whole equation, it means the boards have to look at cooperating on the start and stop times. That means the union contract becomes a big issue: who starts at 7:30 and who starts at 9:30, because you need bigger windows for picking up and double-running. Most of the people here, I'm certain, don't have a clue. I was on it for four years. I knew most of the operators in my area, and still do, still meet with them. It needs to be thought of differently to make better use of capital, integrated with whatever transit systems are around to make better use of

your investment, whether it's for seniors or public transit issues. My question to you is—part of the solution that they've recommended here is of course additional funding, and we need to be safe, we need to have committed personnel operating and maintaining these vehicles—why don't they just flow the money directly to the bus operators? What's this middle group? They're the problem-causers; the school boards are the problems. A former superintendent ends up running schools and doesn't know how to spell "bus."

Mr Murphy: The problem is that the school boards have to be held accountable for whether they put in a teacher or whether they decide it's better to bus the kids to where the teacher already is. You need to know that in June the ministry did issue a B memo that has to do with best practices and talks about boards having to coperate. We've studied the bell times and a lot of things that have saved, and can save, bucks: double-running, "one bus, one road," all of those issues. We are on that.

The Chair: Thank you for your presentation this afternoon.

UNITED STEELWORKERS OF AMERICA, DISTRICT 6

The Chair: I call on the United Steelworkers of America, district 6. Please come forward. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of Hansard.

Mr Wayne Fraser: First let me take the opportunity to thank the committee for allowing us to give you our views about what needs to be done in the upcoming budget. My name is Wayne Fraser, and I'm the director for the United Steelworkers of America in district 6, representing 80,000 steelworkers in the province of Ontario and the Atlantic provinces. With me today are Sheila Block, a researcher for the steelworkers, and Marg Carter, who's president of local 4120, representing the employees at the University of Guelph.

Our union represents men and women in almost every sector of the economy: in mining, the steel industry, universities, health care, security, transportation, hospitality, call centres and many others. If you have read the newspapers lately—I'm sure you have—or watched the news over the last few weeks, you know that our members in the steel industry are facing a major crisis. While it is not my specific purpose today to talk about the steel industry, I want to put two points on the record.

The first point is that our union believes that the provincial government has a crucial role to play in resolving the current crisis, and we as a union will ensure that responsibility is not evaded. The second point is that our union will play a full, vocal and responsible role in the future of this industry, which is paramount to the economy of this province. But I am not here today, as I said, to talk to you about the steel industry. There are other places for those discussions, and I'm sure we will

have them. I am here to talk to you today on behalf of all of our members in Ontario in their role as citizens and as an elected leader of a union with several thousand members in the public sector.

I am also here to speak to the Liberal members of this committee as someone who shares the responsibility of elected leadership. I'm sure there are powerful lobby groups and interests that are telling you the only campaign promise that matters is the one you made to the Canadian Taxpayers Federation. But you must remember that you were elected on a promise of change, on a promise to rebuild public services in Ontario, on a promise to return to a government that values public services and public service workers, a government that values what we share together as citizens of this great province.

During the Harris and Eves years, we found out the hard way how important funding of public services is to all of us. Some of those lessons are ones we all know about: overcrowded classrooms in crumbling schools, overcrowded hospital waiting rooms, shortages of health care workers. Others are lessons that we will never forget, like the tragedy of Walkerton, like Kimberly Rogers's death in my hometown of Sudbury, Ontario.

The erosion of public services is wider spread than the news that makes headlines. Because of that, the problem cannot be solved by transferring money from one budget line to another or, with due respect to Mr McGuinty, by results-based budgeting, a consultation process or superficial input from public sector workers. However valuable each of these may be, the problem is simply way too large.

To give you an example of how widespread the problems are, I want to talk to you about the university sector. It's a sector in which service cutbacks don't make headlines very often, and it is a sector where our union is proud to represent workers at the University of Toronto, Victoria University, St Michael's College and the University of Guelph. Our university members do a wide variety of critically important jobs as administrative and technical staff. They include highly trained technicians, departmental secretaries, veterinary nursing staff, senior researchers, business officers, anaesthesia specialists and much more. They ensure the daily functioning of the universities. Without them, your kids could not get their education, and important research would not take place.

The Tory cutbacks in the university sector were deep, and Tory policies encouraging P3s and deregulating tuition fees resulted in a major shift in university funding during their term. Taking inflation and enrolment into account, provincial grants to universities for 2002-03 were more than half a billion dollars below 1995-96. Ontario funding for universities was 10th out of 10 provinces on a per student basis in 2001-02. It has been 10th on a per capita basis since 1993-94. In 1995-96, tuition fees made up just 29% of operating revenues. Five years later, this had increased to 41%.

What do all these figures mean for the quality of education and research in our universities?

The university sector has been the canary in the mine for P3s, or public-private partnerships. They have been used for infrastructure and research programs. A recent study from the Canadian Centre for Policy Alternatives shows what these programs mean for students and universities. A large share of this funding goes to a minority of programs of interest to business. For example, while 40% of students were enrolled in humanities and social sciences, those programs received only 3% of the SuperBuild infrastructure funding in 1999-2000. These programs are reinforcing massive inequities between universities, between departments and between students enrolled in different programs.

The impact of high tuition fees and the high debt levels that result means that university education is becoming a luxury that only the children of the rich can afford. A StatsCan study found in the mid-1990s an increasing gap in university attendance between kids in low-income families and those in families with higher incomes. This study was done before much of the tuition fee increases had taken effect. My guess is that the situation has only gotten worse.

University education is more expensive and is less accessible, and those students who are paying more are getting a lower quality of education. They are in overcrowded facilities and classes. They are at institutions that are understaffed.

Our membership in this sector has been trying to do more with less for a decade. Some of our members have been laid off or are facing layoffs. The ones who are still there are trying to deliver good-quality education with too few co-workers and too few resources.

The impact of these cutbacks is felt in a number of ways: too little time for technical staff to set up and take down laboratory and other classroom equipment; too little time for preventive maintenance for specialized laboratory, audio-visual and other equipment; inadequate budgets to replace that same equipment when it breaks down; inadequate budgets for specialized training to keep our members up to date on the latest innovations in their field; and no resources to schedule extra classes or labs to maintain the quality of education in big classes.

Finally, and most important, there is too little time to spend with students. Our members who are front-line staff in libraries, in registrars' offices, in academic departments and in residences just don't have enough time to spare. That time is part of the staff-student interaction that supports their academic life, and because of overcrowding that time is even more crucial to a student's success.

We know what the solutions are to the problems in this sector: We need to freeze and then reduce tuition fees to make sure that we have equity for all people to attend universities in this province; we need to reduce student debt loads; we need to increase funding to offset losses in tuition, to increase staff and faculty and to renew crumbling infrastructure throughout the university sector.

I want you to understand this isn't a special plea for increased funding for this sector at the expense of others. You will find similar problems in just about every other part of the public sector. The financial problems that your government is facing are not complicated. They aren't the result of changing demographics, inefficiency or complex governance issues. The arithmetic is simple: Because of the Tory tax cuts, Ontario no longer raises enough money to pay for our public services.

The Ontario alternative budget has documented that: The loss in revenue from those cuts is forecast to reach \$17.5 billion in 2005 and 2006;

The Tory years saw program spending drop from just over 15% of gross domestic product to under 12%, that is, spending on our schools, hospitals, roads and cultural institutions;

If we wanted to maintain program spending at the level it was before the Tories came to power, taking into account inflation and population growth, we would need another \$8.3 billion in 2003 and 2004.

The arithmetic is simple. And the solution, while it might be unwelcome to some, is also simple. The people of Ontario understand this. The people of Ontario understand that to rebuild public services we will have to pay for them.

The Ontario Alternative Budget has put forward a modest plan to raise an additional \$3.5 billion a year. It would tighten up tax loopholes and enforcement to make sure that everyone pays their fair share, and it would recover a portion of the revenue we lost through the Harris-Eves tax cuts. It would require only a 2% increase in tax rates. That is much fairer than the increases in fees and private expenses that we saw throughout the last eight years. It would mean that access to those services we would be rebuilding wouldn't be based on how much money you have but on how much you need them.

If everyone pays a modest increase, if everyone pays his or her fair share, we can start to rebuild this great province.

The Chair: Thank you. We have about two minutes per party, and we begin with the government.

Mr Wilkinson: I appreciate your presentation. We've heard over and over again: "Keep 230, cancel the one." Many times you've said, "This is what people want." Is that based on polling you've done? The poll I saw going into this was about a third, a third, a third. I guess like true Ontario people, a third of the people said, "Yes, you should raise taxes," a third of the people said, "No, cut the deficit," and a third of the people said, "There's another alternative."

• Mr Fraser: We do internal polling. If you ask the right questions about—

Mr Wilkinson: This was from a third party. I think it was from Environics. It wasn't something the government did.

Mr Fraser: Ours is a little bit higher than 30%. Listen, it's about what kind of Ontario we want, what kind of services we expect as citizens and, at the end of the day, how we pay for those services. I think the ex-

planation about that, in its entirety, would bring significant support for that premise.

Mr Wilkinson: We're not a government that said we want to engage in partisan advertising. Do you think, if that were to be the case, that you would support that publicly?

Mr Fraser: Absolutely.

Mr Wilkinson: That's what I needed to know. Thank you.

The Chair: The official opposition.

Mr Barrett: Thank you for your presentation on behalf of the Steelworkers. In your opening remarks you alluded to this; we know that Stelco is restructuring. We know the impact of some of the buyouts and restructuring south of the border on pensions, and now non-existent pensions. [Inaudible] south of Hamilton.

You have indicated in your remarks that the provincial government has a crucial role to play. The government has played a role in the past in Algoma. Mr Orazietti, or Tony Martin as the former MPP, would know this. I wonder if you could just be more specific. We know the big issue. Certainly for the people I'm speaking with, the big issue is pensions. There is a structure, through the Ministry of Finance actually, to provide a cushion there. What else specifically should government be doing during this crisis?

Mr Fraser: Let's straighten out the facts about what happened in the States.

Interjection.

Mr Barrett: Go ahead. You said you wanted to straighten out the facts?

Mr Fraser: Yes. In the United States, the pensions that disappeared got wrapped up in the pension guaranteed fund down there, and that's because the companies were in bankruptcy. They weren't in CCAA protection.

In Ontario, we have Slater Steel, Ivaco and Stelco that have all applied for CCAA and have been granted it. The hit to the pensions guaranteed fund in the province of Ontario, if in fact they liquidated, would be well over \$800 million or \$900 million. Our understanding is that the fund has a level of about \$200 million or \$250 million in it.

We don't accept the premise that the pensions are the problems with respect to the steel industry in Canada. We don't accept the premise that it's collective bargaining agreements that are the difficulties with Stelco and with the Ivacos and the Slaters of the world. We've put it on record that the Stelcos of the world have not reformatted to the new world economies and haven't adjusted their business to meet the new standards.

With respect to what the government is going to need to do, it's sort of early to say what the restructuring plan is going to look like. Be it known from us that we're not going to ask our pensioners—some make 300 bucks, some make 400 bucks, some make 500 bucks, some make \$2,000—to take a hit. We're not going to ask our membership to take a hit with respect to opening up the collective bargaining agreements, because it's not the solution to a solid, viable steel industry in Canada.

We have to look at some of the taxation problems that are in existence for these industries. We've been pushing both levels of government for about two and a half years now, trying to get them to understand that the steel industry was in a crisis before they went into CCAA.

The Chair: Thank you. We need to move on with the

rotation. Mr Prue. 1400

Mr Prue: I know you really wanted to tell him off, but I'm going to ask you something different.

Mr Fraser: I didn't want to tell him off. I just wanted him to hear that.

Mr Prue: I'm going to ask you something different. I want to go back to the statement you made, "But you must remember that you were elected on a promise of change, on a promise to rebuild public services in Ontario, on a promise to return to a government that values public services and public sector workers, a government that values what we share together as citizens...."

In this morning's scrum, and I was not there, it has been widely reported that the Premier is musing about freezing the salaries of the public service and further cutting them back in numbers. Would you comment on what kind of road you think this would be for this government to take, for these members, when they go back to caucus to tell the Premier?

Mr Fraser: They ought to know it's not going to happen; it shouldn't happen. It shouldn't be taken out on the backs of the people in the public sector. You made commitments to those folks before the election; you made commitments about a newer government, a newer approach.

When I heard that this morning on the radio, I was somewhat taken aback. As I said to you, we've seen eight or nine years of tremendous turmoil in the public sector, whether it be education or health care. The difficulties the government is facing clearly rest with the significant tax cuts the previous government put in place that really took care of the rich in this province. There needs to be a balancing between taxation and what the general population needs in this province. So it's not about taking it out on the people who are working for the province, directly or indirectly; it's about levelling the playing field and having a fairer taxation system in this province. You don't need to attack workers when you do that.

The Chair: Thank you for your presentation this afternoon.

CANADA'S ASSOCIATION FOR THE FIFTY-PLUS

The Chair: I call on Canada's Association for the Fifty-Plus. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to state your name for the purposes of Hansard.

Mr Bill Gleberzon: My name is Bill Gleberzon. I'm the associate executive director of CARP, Canada's Association for the Fifty-Plus, as well as co-director of

advocacy. I want to thank you very much for this opportunity this afternoon.

To just very briefly tell you about CARP, although the name stands for Canadian Association for Retired Persons, we retired the word "retired," since a lot of our members are not retired and are still working. We've got 400,000 members across the country, over 250,000 members in Ontario, and our magazine is read by 650,000 Ontarians, with almost a million people reading it nationally. Our Web site has over 250,000 unique hits a month.

To get into the issues, the first that we'd like you to turn your attention to is eradication of the deficit. Of course, we all know that this is being held under the shadow of the province's \$5.6-billion deficit. We urge the government to eradicate this deficit over the four years of its term in office rather than over the first one or even two years of its term. A more gradual timetable will allow it to undertake many of the initiatives promised during the election, which the majority of Ontarians endorsed with their votes.

The second issue is the means test for seniors regarding prescription drugs. While we support the eradication of the deficit, it should not and must not be undertaken on the backs of seniors. In recent months there has been a great deal of rumination by Queen's Park about the possibility of eliminating "rich seniors" from prescription drug coverage. This public musing, I can tell you, has caused a tremendous amount of fear and panic among seniors. In any event, the proposed policy is ill-conceived, counterproductive and ineffective.

CARP has asked Queen's Park for its definition of a rich senior, and we've received no answer to that question. As we understand it, when an initiative like this was considered by the previous Tory government, they rejected it, as did the Liberal Party, then in opposition. According to Liberal policy health advisers we have consulted on this issue, the Liberal Party found that in order to realize meaningful savings, a rich senior would have to be identified as someone with an annual income starting at \$28,000 a year. The government of the day and the Liberal Party—then the official opposition—rejected it because it was unconscionably unrealistic and low in terms of the threshold. The proposal was quickly and quietly buried at the time, and we believe it should be allowed to rest in peace.

For your information, Ontario currently has a two-tier payment system for prescription drugs for seniors: Low-income seniors who receive the guaranteed income supplement pay \$2 per prescription, and the rest pay a \$100 copayment, plus up to \$6.10 per prescription. This means that the province, by our rough calculations, currently realizes potentially over \$100 million back on this program.

In other provinces where these kinds of differential payments have been experimented with, such as Quebec and British Columbia, I can tell you, representing a national organization, the experiments have failed every single time. Seniors find they have to choose between

buying drugs, which as I'm sure you all know can be very expensive, or purchasing food, paying the rent, property taxes etc. That's not a sob song; that's reality, unfortunately, for a lot of people. Obviously, if such a policy is accepted, it defeats the purpose of maintaining good public health, particularly around preventive medicine, with positive public savings. In fact, it might prove more costly to administer than any potential income that might be realized. For that reason, we believe the policy represents a long-term and dangerous solution to the short-term problem of retiring the deficit.

Funding for home care: In order for the government of Ontario to maintain the best cost-effective health care system, Ontarians who are frail, chronically ill or in the post-acute phase of an illness should be able to remain in their homes as long as they safely can, and outside of more costly hospitals—I think you alluded to the announcement made this morning by the Premier about the cost of hospitals and doctors. However, this objective cannot be accomplished unless the province makes proper home care available to the public. That home care is more cost-effective than hospitals has been demonstrated by study after study, most recently by Dr Marcus Hollander, a study that CARP and other groups commissioned. You can read that study in appendix 1.

During the recent election campaign, the Liberal Party promised an infusion of \$300 million to bolster the home care system in recognition that home care in Ontario was in serious decline. Therefore, CARP urges the government to honour this pledge immediately by announcing in the 2004 budget the first of four equal annual payments—the \$300 million—over its current term in office, followed by adequate funding thereafter. The Ontario home care system continues, as we speak, to experience severe cutbacks in service provision. To delay any longer in providing the necessary funding will worsen a deteriorating situation to the point that it may be impossible to save. Again, that's not just dramatic rhetoric.

CARP realizes that perhaps by this fall Ontario will receive over \$600 million from the federal government for health care, including three types of home care—postacute, acute mental health and palliative end-of-life care—but it does not receive any money for chronic care in-home care, which makes up the bulk of home care services. Therefore, CARP advises the government to guarantee that any money freed up in the home care budget as a result of this new infusion of federal funds will be invested in chronic care home care. Moreover, we believe that the flow of provincial funds into home care should begin at once and not wait for the new federal funding, which may or may not come some time this fall.

I'll move on to the review of Ontario's guaranteed annual income system, GAINS. The GAINS program requires major upgrading. The GAINS program tops up the income of poor seniors who subsist on old age security and guaranteed income supplement. The total annual income of these people from all these sources is currently \$13,141 for a single senior and \$21,622 for a

couple. By the way, most of the single people are women. The amount for single seniors is \$1 above Ontario's guaranteed minimum annual income for seniors. This amount needs serious upward revision. It must also be noted that, unfortunately, this total income for those singles and couples who are on the GAINS program is well below the national low income cut-off line of around \$16,000 for singles and around \$24,000 for couples.

GAINS currently provides an annual maximum of \$1,095 per single and \$903.48 per couple. As we all know, two can live on love much more cheaply than one, right? That translates into \$91.25 per month for singles and \$75.27 per month for couples. Minimum increases over the past number of years have been under \$3 per month. Between 2001 and 2003, increases have ranged from a minimum of about 50 cents to a maximum of \$8.25 per month.

GAINS is in dire need of a meaningful increase that takes into account the hikes in rents, property taxes, energy, food, transportation, health care, and I can go on. People now have to pay for home care, they have to pay for medications not covered by OHIP or that have been delisted, and for delisted services like audiology and physiotherapy etc. Moreover, the current average rent in Ontario is calculated by the government at around \$850, which translates into 78% of the monthly income of a single senior on GAINS. That leaves them with something like \$245 per month for all the other necessities of life that I'm sure we in this room take for granted. As a result, larger numbers of seniors are being forced to turn to food banks.

Another issue is protection of pension funds. We heard the last speaker talking about pension funds. Well, there's another number of pension funds that I have to bring to your attention. In Ontario, the Participating Cooperatives of Ontario Trusteed Pension Plan, PCOTPP, has declared bankruptcy. We have a pension fund which has declared bankruptcy. The pensioners who depend on this fund have had their pensions severely reduced. Survivors of original pensioners—the widows and orphans—have been cut by as much as 75%. CARP has discussed this situation with the Financial Services Commission of Ontario, FSCO, which stated that due to the non-union nature of this fund, it is not protected under the Ontario pension protection fund or guarantee fund. They have no protection at all.

Representatives of these pensioners met with the former Minister of Finance to present a number of practical recommendations for provincial intervention to shore up the plan, and you can see what they have suggested in appendix 2. Nothing was done. CARP endorses the group's proposals that, based on precedents, the government pass special legislation to contribute funds to that fund, the PCOTPP, in order to stabilize the plan and allow time for regeneration, and secondly, that it reform the Ontario pension protection or guarantee fund to ensure that no pensioner and no pension fund suffers like this again.

Another issue we'd like to bring to your attention is the protection of RRSPs and RRIFs from creditors. In Ontario, creditors can lay claim against RRSPs and RRIFs unless they are issued by an insurance company. This should not be permitted under any circumstances because of the long-term impact on debtors and, indeed, on programs like GAINS that will have to supplement the income of those people who have lost their pensions to creditors. Currently, Prince Edward Island, Quebec and Saskatchewan have exempted these retirement income vehicles from creditors. CARP urges Ontario to join their number. This can be done quite easily by a short amendment to Ontario's Execution Act that will exempt RRSPs and RRIFs from seizure by creditors.

On another issue, affordable rental housing, CARP supports Queen's Park's decision to finally begin to match the funds provided by Ottawa for the construction of 20,000 new affordable rental units. However, we believe it is imperative that truly affordable rents be instituted for these rental units. Currently, as I mentioned earlier, the average rent in Ontario is around \$850, which most low- and modest-income seniors can afford. I'm sorry, there's a typo. That should be "cannot afford." I'd blame my secretary, but I am my secretary, so who can I blame?

Moreover, CARP urges the ministry to begin to collaborate with Ottawa and its counterparts across the provinces and territories and within Ontario with the appropriate ministries to plan for the next round of building affordable housing after the current program is completed, because 20,000 new units will not go far enough.

An issue that we've received a lot of mail on at CARP is the newly exercised property taxes on mobile homes. Municipalities have been given this authority retroactive to January 1, 2003, and it has caused great consternation among thousands of mobile home owners, a great number of whom are seniors. They had not budgeted for these taxes and therefore are finding it extremely difficult to pay them.

In the interests of time, because there are a few other things, the basic argument we're making is that mobile homes are not bricks-and-mortar homes. They depreciate like any vehicle. When people buy mobile homes, they pay GST and PST, as you would on any vehicle. We don't directly pay those taxes on a home in recognition that it's a different kind of entity. Therefore, assessing taxes simply imposes double taxation. Mobile homes, moreover, like any vehicle, depreciate in value. Also, the way in which the law is being applied is very mixed across the province. Some municipalities have collected the tax, others have assessed contents and the home and still others have delayed imposing it. So what we recommend is that the Ministry of Finance review this taxation power and hold public consultations with municipalities, campground owners and renters, and that a moratorium on the collection of additional property taxes should be imposed until the review is concluded, with those taxes that have already been paid held in escrow until the outcome.

Another issue that we'd like to bring to your attention is the reform of locked-in or life income funds, LIFs, which is of great concern to a great many people who have been downsized or who have had to retire early and have taken their pension fund and put it in their RRSP, but of course they cannot touch the capital. This means that we would like to see access to the capital in LIFs be liberalized even more than it has been under the previous government, where people could access LIFs only if they could demonstrate to a board life-threatening economic or medical circumstances. Many retirees find that while they may have quite a large capital being accumulated in their LIFs, they cannot access it and therefore they are finding it extremely difficult to pay their increasing taxes, to maintain their homes etc, or to pay rents, for that matter. We recommend that Ontario turn to New Brunswick and Saskatchewan for examples of more modern and realistic policies in this matter.

Finally, on the issue of public transportation, which is of great concern to seniors in particular, we urge the committee to advise the government to include increased funding for public transportation in the 2004 budget. Public transportation is a healthy and environmentally friendly alternative to vehicular gridlock and pollution, and it is the economic lifeblood of the urban and rural parts of our province, particularly the rural parts of the province, which are very poorly served by public transportation. Yet, taking Toronto as an example, Canada's largest city and its economic engine, it's the only major city in North America in which the public transportation system is not financially supported by the provincial or, in the United States, state, government.

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For many seniors, public transportation is the only viable means of independence and escape from isolation. It is an entry into quality of life, emotionally, mentally, psychologically, physically and socially. But seniors can use public transportation only if it is available, accessible and within their economic means.

CARP has presented what we believe to be a doable and practical program for necessary financial policies and reforms that Queen's Park can undertake to enhance the well-being of its 50-plus and seniors population—all of us, at one stage of our lives or another. Our association would be very pleased to work with the government in any way we can to help implement our recommendations. Thank you very much.

The Chair: We have only a minute and a half left for a brief question. It will go to the official opposition in this rotation.

Mr O'Toole: Thank you very much for your presentation. You do make a striking case, I believe. In the brief time that I have, I'll try to form a question. You've mentioned the mobile homes and the retroactive tax, and that it's important to realize that they not only implemented it but squeezed a little further for revenue by going back another year.

You didn't comment on an important policy change, a retroactive change as well. The seniors property tax

credit, which we had, was to address the very issue you're talking about. It did include renters as well, by the way, because a portion of your rent is property tax. That entitlement would have kept homes or apartments more affordable directly.

My question is this: 80% of all government spending is wages and benefits. At the municipal sector, it's probably as bad or worse. These are public sector things that are going to go up every single year by 3.5%. You're a bit of an economist. At three and a half, it doubles in 10 years. So if your taxes are \$2,000 on your house today—I'm over 60; I'm the oldest one in the room—they're going to be \$4,000 in less than a decade. They've figured it out. They're going to take the only thing that individuals like you and I own—your home—away from you. That's the public sector plan, through taxation. What do you think of that, going down the road?

Mr Gleberzon: Well, I have to tell you the truth. We opposed that policy as an association. We did that because we believe that seniors had their education paid by

the seniors of the day.

Mr O'Toole: No, it wasn't education.

The Chair: Order, please.

Mr Gleberzon: It's my understanding that it was on the education portion of the property tax. That being the case, we opposed it for the reason that we believe in intergenerational equity. That was our position.

The Chair: Thank you for your presentation this afternoon. The time has expired.

ASTRAZENECA CANADA INC

The Chair: I call on AstraZeneca Canada Inc. You have 10 minutes for your presentation. You may allow time for questions within that 10 minutes if you so desire. I would ask you to identify yourself for the purposes of Hansard.

Mr Mike Cloutier: My name is Mike Cloutier. I'm the president and CEO of AstraZeneca Canada. We are one of the country's largest research-based pharmaceutical companies, employing just over 1,500 health care professionals at our head office in Mississauga, across Canada and in our basic research centre in Montreal. Joining me today is Ms Sheila Frame, who is our vice-president of public affairs.

It's a pleasure to be with you here today. I want to make some brief comments regarding two documents that I will table with the committee.

The first is a paper we developed to share with public policy decision-makers. In this extensive document, we outline five key changes that are required to ensure that the biopharmaceutical industry can compete internationally and prosper in Canada. Importantly, for this to happen, the federal government and the government of Ontario must work together. I will speak to that in a few moments.

The second is a very compelling piece of public opinion research that we sponsored and conducted with Pollara, again for public policy decision-makers. Within

the research and the findings of the research, it should be noted that 93% of Canadians support government and industry working together in partnership to drive economic growth while maintaining world-class health care. As you would expect, this research confirms that health care remains the number one issue on voters' minds, but it also reveals some very interesting views regarding the concept of health care as a generator of wealth for Canadians and for Ontarians.

We'll also table, and you have a copy of, the speech that's been provided.

What I'd like to do today is divert from the speech for a minute and cover some of the key issues that are covered there, and hopefully allow a little more time for questions and answers.

There are really four key things that we've made available to you in the information provided in the speech. First of all, the Liberal government, in their platform running up to the election and during the election, made it very clear that it is their intent that we look at Ontario and see Ontario as a premier destination for innovation. We feel it is vital that the research-based pharmaceutical industry and AstraZeneca Canada be an important part of that group. We are here to represent being there as part of the solution and partnering in that repard.

Second, we had worked very carefully and closely with the previous administration on a proposal that clearly demonstrated our ability to be vibrant and viable partners in health care solutions, and we were so very close to working on this proposal's success in order to ensure the viability and prosperity of the health care system and the viability and prosperity of innovation as part of the health care solutions. Now is the time for industry and the new administration to get together to work on this proposal, a proposal that would ensure over \$2 billion of investment over the next 10 years, which would provide increased quality of health care to the citizens of Ontario. We would suggest that now is the time for Ministers Smitherman and Cordiano, working closely with Minister Sorbara, to meet with us and work toward the solutions we put forth in that proposal.

Third, the auto industry has established a model through CAPC that has been very important to the industry and to Ontarians. We need to celebrate the value that our industry brings in health care, and that can drive further economic prosperity for Ontarians. That model can serve as an excellent model as well for us, working together as industry and government.

What we represent is great health care and our partnership with other stakeholders in providing great health care. What we can represent for tomorrow is economic stability and viability as well as a great health care system. There are many proponents of industry and government working together to provide health care solutions. One of the most well-known Canadians in that regard is Dr Henry Friesen, who is certainly well represented throughout all of Canada in his views in that regard, and that is covered in the text.

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Finally, and most importantly, we in Ontario are falling behind. On a global basis, on a world-scale basis, we are falling behind the people against whom I, as the leader of the Canadian organization, must compete—my counterparts in other world areas—in order to bring the resources necessary to ensure the innovation that is so critically important for Ontarians and to ensure the viability of our health care system.

The current market conditions impact on our ability to bring this innovation. We compete on a global scale and it is important for all of us in Ontario—for me, for my parents, for my children, who all reside here in Ontario—that we have an opportunity to compete globally, that we have an opportunity to bring the resources necessary, the investment necessary, to ensure not only the best world-class health care but also that we look at the provision of health care and the value that we can bring as an industry to be an economic growth driver at the same time.

On June 1, the first ministers will be meeting, and I believe there is a huge opportunity for Ontario to be a leader in the discussion of how we bring the partnership between the federal government, the Ontario government and industry to work toward providing the best health care for Canadians, the best health care for Ontarians, as well as good economic prosperity for all of us.

With that, I'm leaving behind the document for your perusal, and I'd really appreciate the opportunity to answer any questions you might have at this point.

The Chair: We have about two minutes for questioning, and in this rotation it would go to the NDP.

Mr Prue: It was an interesting presentation, but I still have some difficulty trying to figure out what exactly you're asking us to do in this particular budget process. This is a budget meeting. What are you recommending that we tell the Minister of Finance to do, budget-wise, that will assist you and your organization? I haven't heard that.

Mr Cloutier: In response to the honourable member's question, we're asking for decisions to be made relative to the budget that allow us to create a market for the innovative research-based pharmaceutical products that allow us to demonstrate that the viability of this market-place ensures we can provide our solutions within the health care continuum and that in this marketplace we are able to invest accordingly to bring that value to the citizens of Ontario.

Mr Prue: Does that mean you're asking for a tax cut for your industry? I'm still not understanding this. Maybe I'm dense.

Interjection.

Mr Prue: You don't know either? OK. I'm not the only one. Nobody knows.

The Chair: Please let the presenter respond.

Mr Cloutier: What we're asking for is to allow Ontarians to have access to the best quality of care. We are asking to ensure that we have a marketplace that respects the value that we create with pharmaceutical solutions in consideration of enhancing health care and

that we look at the value we create through the pharmaceutical innovations, the biopharmaceutical industry and the products we bring forward, not just in terms of the cost but in the value we create across the entire system. All too often our products are only looked at from the perspective of cost instead of the value they create.

We're asking for a greater consideration in the budget. We're asking to ensure that there is money in the budget to support the availability and access to these products first and foremost, and secondly, that there is an interest and a clear demonstration by the government that we can invest in partnerships to bring research and development into the province.

The Chair: Thank you for your presentation this afternoon.

REGISTERED NURSES ASSOCIATION OF ONTARIO

The Chair: I call on the Registered Nurses Association of Ontario. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to state your names for the purposes of Hansard

Ms Doris Grinspun: I'm Doris Grinspun, executive director of the Registered Nurses Association of Ontario. With me today is Kim Jarvi, senior economist at the RNAO. We are pleased to present RNAO's recommendations for the upcoming provincial budget to the standing committee on finance and economic affairs.

Last year, we came to the pre-budget hearings with a sense of hope that stemmed from the consensus identified by the Romanow commission and the pending health accord. In his final report, Commissioner Romanow offered an invaluable blueprint not only to save but also to strengthen medicare. Nurses expected the commission's recommendations to be fully implemented. While the new government has taken some steps in the right direction, our hopes and expectations remain largely unrealized. Now, granted, you are still new.

Today, we are here to urge the new government to seize this awesome opportunity they have to fulfill the electorate's mandate to rebuild social infrastructure and reduce the gaping social deficit that emerged during the past nine years. Ontarians still have hope. Please don't let us down.

RNAO's mandate is to speak out for health and for nursing. Registered nurses know that people's health depends on their social circumstances as well as access to high-quality health care services. We are here to impress upon the government the importance of rebuilding social infrastructure and ensuring the health care system is on a sound footing.

Our presentation today will focus on three dimensions of sustainability: fiscal responsibility, health care and nursing.

First, fiscal responsibility: Prudence dictates fiscal responsibility. That means knowing how you will pay for something and living within your means. It also requires

sound investments. If you refuse to fix a crumbling building foundation simply because it costs money, you are foolish and irresponsible. Yet, this simple logic seems to escape those who would downsize government just for the sake of downsizing it.

Governments supply a range of absolutely essential services—health care, education, environmental protection and other vital social services—that otherwise would not be provided, would not reach everyone or would cost much more. The question is: How much can we afford to spend and how much can we afford not to do so? An examination of the data suggests that we can afford a great deal more than we have been spending of late. It also suggests that we can ill afford to spend as little as we are now spending.

Ontario is the second richest province, after Alberta. Its GDP per capita exceeds the rest of Canada's by 11.4%, yet Ontario's program spending is the lowest in the country, at 23.3% less than its counterparts. This is in part thanks to a precipitous drop in Ontario program spending, which shrank from 18.2% of GDP to 13% in the last 10 years. In contrast, other provinces spend 19% of GDP on programs. It is difficult to imagine how a province could adequately provide social programs, including health and education, and all the other services using only 13% of GDP, particularly when other provinces are spending 19% on average.

To put this in perspective, Ontario could spend \$29 billion more per year on programs and still not catch up to the other provinces in terms of the share of GDP used for program spending. Yet concern about a \$5.6-billion deficit threatens to derail the most modest of investments promised by this new government to start rebuilding government services.

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The cost to the treasury of tax cuts since 1996 is forecast to reach \$13.3 billion for the fiscal year. A political decision was made to reduce government revenue below the level necessary to sustain government services. Reversing that irresponsible decision would not only wipe out the current deficit; it would more than cover the government's spending promises and start to make up the service gap that has emerged since 1995.

The government must decide if its promises to all electors are outweighed by perceived commitments to special interest groups whose goal is to reduce taxes and further hamstring the ability of government to act. The government does have choices, and we expect the new Premier to make the right choices.

On behalf of Ontario's registered nurses, I offer four of our key fiscal recommendations:

- (1) Deliver on the promised \$5.9 billion to rebuild public services and endeavour to meet the actual service gap that has evolved since 1995 by finding the resources to cover the entire gap.
- (2) Roll back irresponsible tax cuts to create revenue for reinvestments.
- (3) Pursue all efforts to shift taxes on to harmful activities, thus correcting for significant market failures. In particular, raise taxes on gasoline and fuel to reflect

the costs that their use imposes on others and on the environment. We need to protect the environment for future generations.

(4) Commit to a ban on further P3s and investigate whether maintaining existing P3s is in the best interests of Ontarians. We don't believe that. Subject all existing P3s to thorough value-for-money audits and make them public and transparent.

Let me move to health care recommendations. The health care system must evolve to address needs in various sectors. Shifting from acute care to an increased focus on chronic care and health promotion is a must. While this is a moving target, and while we have been speaking rhetorically about this a lot, we do know the direction we need to move in, but we need to put the money where we say we need to move.

Increasingly, people are better served in the community rather than in institutions. When institutional care is necessary, however, it is essential that space be available in the appropriate institutions. There is a double advantage to this shift: not only is the care better and the person happier, but it is often more efficient and cheaper. Thus, shifting to more appropriate care makes for better health care that saves money for society as a whole. The Romanow commission understood this very clearly and made very sensible recommendations to expand medicare—recommendations that RNAO fully supported.

There are specific underdeveloped areas of the health care system to which we wish to draw your attention.

First, there is a need to develop a strategy to assist seniors to age in place. This is what seniors want, what they have been calling for and what the government indicated in its election platform. This is what we need to do.

Second is the need to strengthen the public health system—by that, I mean the public health sector—which was shown to be dangerously under-resourced during last year's SARS crisis and which again will be terrible if we have another crisis. In fact, Ontario's nurses lived through that crisis. They know that threats continue and fear those threats. We are not well prepared yet for another crisis.

Third, accountability must be a real piece of the health care equation. Taxpayers demand it, and the system can only benefit from the collection and analysis of data so that we know what we are doing right and what needs to be improved. The federal government must be accountable—what a day to say it—for its transfers to the provinces. The provinces must be accountable for their spending and the services delivered. Health care organizations must be accountable to their services, and yes, the public must be accountable for proper service utilization.

Accordingly, we are calling on the government to follow through on its laudable first steps to endorse the Health Council of Canada and to set up its own health quality council.

We offer three key health recommendations from our submission, and we will draw your attention to the submission for the others:

(1) Act on the election promise to develop a seniors' framework, including a seniors' health strategy within it.

(2) Work with the federal government to strengthen public health, as recommended by the Naylor report, and ensure that each public health unit has an RN in a senior administrative position to provide the nursing leadership necessary in good times and in bad times. We have only 10 senior nursing positions in the 37 public health units. That's shameful for this province.

On a broader level, we ask the government to develop framework to evaluate current health programs in relation to population health.

(3) Continue to strongly support the new Health Council of Canada and move to implement the Ontario Health Quality Council, ensuring it is adequately resourced and independent of government and its agencies. In addition, we ask that an independent community health advisory be created to work with the government to support decision-making and strengthen health policy in the community health sector. Yes, we do need strong hospitals, but we also need to rebalance the power bases and have a strong community sector.

Finally, nursing recommendations: Registered nurses have suffered through declining circumstances for far too long. Unfortunately, this problem is not restricted to Ontario, but it has been particularly bad here. Excessive workloads are making it very difficult for an aging workforce that has not been rejuvenated by an influx of new RNs. It should come as no surprise, therefore, that RNs are one of the most injured and sickest groups in the workforce.

As a consequence, RNs retire far before age 65-in fact, on average, in their late 50s. Ontario has the highest share of part-time and casual employment. Currently we have 43.2% of all RNs working part-time or casual. We have had it worse—we have had 50%—but that's no reason for resting.

This casualization of nursing has negative implications for continuity of care of the people of Ontario-in hospital, home care or long-term care—and is a deterrent for new graduates who need full-time employment to integrate what I would call book knowledge into practice knowledge. The incentives to leave Ontario are dangerously high, given the fact that the US provides 71.6% full-time employment to registered nurses there. They already have 71.6% full-time employment. Yes, we do have many graduates—and we have said this to the minister—who are leaving as we speak.

Nursing employment in Ontario has lagged population growth for many years. Ontario has the worst RN-topopulation ratio in the country: 65 per 10,000 compared to 78.6 for the rest of the country. We need about 14,000 more RNs to get back to the 1986 RN-to-population ratio. Do we dream we will have them? No. But at least we are asking: Let's retain the ones we have and, for God's sake, let's retain the new grads who are leaving every day.

Ontario is poised to lose 6,000 RNs to retirement and death in 2004—6,000—and up to 23,000 by 2006. It is a

matter of urgency to attract sufficient numbers of students to the profession, and it's even more urgent to retain new grads, every single one of them, in this province. If we fail to do so, nursing will go beyond a crisis to a complete disaster, and so will the health care system in this province. The window of opportunity is very small. New graduates are accepting positions outside the province simply for want of full-time work; not for the bonus, not for the money, but simply because they are offered full-time work and here they are not. Once they leave, it is very difficult to bring them back. I have spoken about this repeatedly with the minister in the last couple of months, and I have conveyed this to the Premier's office, and vet an announcement is still not happening.

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Accordingly, we offer here the following selected recommendations from our submission:

(1) Immediately act on the campaign promise to move to 8,000 more nursing positions, including 250 new nurse practitioner positions, for 2004, to relieve nurses from dangerously and unsustainably heavy workloads. We are paying the money anyway. We are paying it in overtime. we are paying it in sick time, we are paying it in agency time. Bring more new nurses to the system. We will have less of what I call wasted money and sick money.

(2) Implement the campaign promise to ensure that 70% of registered nurses work full-time. RNs are the ones who are leaving the country; RNs are the ones whom every day the US is calling or sending e-mails. As a first step, immediately create a transitional fund to bridge 2,000 graduating RNs to full-time employment. RNAO recommends an immediate investment of \$50 million, and don't wait until the consultations are over. because those people will be gone by then.

(3) Adjust all relevant funding formulas to support clinical placement of nursing students and improve infra-

structure for incoming students.

(4) Allocate annual funds to support an additional 10 nursing faculty in each of the coming four years to attain doctoral education. It is a must; 90% of the faculty that are teaching your nurses in this province today are 45 or older. If we don't start to educate many more now, we will not have the educators to produce a workforce in

Members of the standing committee, when all other Canadian jurisdictions have been cutting program spending furiously and your own spending is \$29 billion lower, you are winning the wrong race. The consequences hit you in the face: rampant homelessness, a crumbling education system, unacceptable waiting times for many health services, and a crisis—yes, for the first time I am calling it a crisis—in nursing. In sum, it is a situation in which people are losing confidence in government and turning away from it.

We are on a boat going rapidly in the wrong direction. It is time to turn that boat around. The government has the mandate to do so now. You were elected on that mandate, and you received an overwhelming response to your platform. It can go back for more consultations, but we don't need more consultations. You just went through elections; you've got the mandate. But if the government refuses to put the revenue question on the table, and at this point the government has refused to put the revenue question on the table—ie, should we increases tax or not?—then it is simply inviting the public onto the Titanic to advise on arranging the deck chairs. If people see that the boat has a new crew but the same basic direction, they may refuse that invitation. I hope it will be different.

We'll answer your questions.

The Chair: Thank you. We only have time for one question, approximately two minutes, from the government.

Mr Racco: Since Doris Grinspun lives in my area, let me welcome her here. I was at their meeting a few weeks ago, so I was pleased to hear the same comments that you're making today. Basically what you're really saying is that we should move on our promise and that you want 70% of the nurses to be full-time. I don't think anybody has a problem on this side. We know that during the crisis the agencies made much more money than nurses. I think that's a reasonable way to go.

You made a reference that we should invest in infrastructure. Can you clarify what you mean on that point?

Ms Grinspun: Absolutely, but let me answer your first question, because not only don't you have a problem with the 70% on that side but I actually know that on that side my colleagues John O'Toole and Michael Prue and all the rest don't have a problem. But we have a problem with the timing. If we don't make an announcement now, so new graduates know they will have full-time work when they graduate, they will be gone. So I said to the minister, and I'm going to say it here for the record, it's OK if the money comes in April. The announcement of the \$50-million transition fund to bridge the new grads to full-time employment needs to come now, because now is when they are signing contracts. It is an urgent issue of timing, and we need you to help everybody understand that.

On the issue of infrastructure, we are lacking supportive housing. We have a terrible situation of supportive housing in this country. We are lacking in infrastructure for education. We are lacking in infrastructure for our hospitals, and no, we do not believe that P3s will cost taxpayers less than for the government to borrow money and build hospitals. And my friend here is writing to me about social infrastructure in general, which puts it under the entire umbrella.

There are very clear specifics. Look at what's happening with homelessness in this province in the last eight, nine, even 10 years. It's disgraceful. I came to this country with my family 15 years ago. At that time I was director of medicine at Mount Sinai Hospital. I hardly saw homeless people when I came out of work, and I came out of work very late, so I should have seen them. You see them all the time now.

The Chair: Thank you for your submission this afternoon.

GEORGE MILBRANDT

The Chair: I call on George Milbrandt to come forward, please. You have 10 minutes for your presentation. You may leave time within that 10 minutes for questions if you so desire. Please identify yourself for the purposes of Hansard.

Mr George Milbrandt: My name is George Milbrandt. I'm a senior from the north Toronto area. I've come here to present a couple of recommendations—actually six. Three of them are in overall terms for the province and three are relative to the city of Toronto. I'll give you the summary of the recommendations and then I'll spend just a little bit of time clarifying. There are more details in the brief, and if you need more details than are present here, I'm certainly willing to supply them.

Borrow sufficient funds to finance the 2003 provincial budget deficit. Just do it. Enough stalling. Do it.

Raise personal income tax and/or surtax rates to adequately deal with the cash flow—which I guess is what you mean by structural deficit—of the 2004 provincial budget and implement the Liberal election plan. Implement your promises. Do it. Start.

Raise additional funds through borrowing to finance necessary provincial infrastructure improvements with respect to the 2004 budget, those aspects of the budget that require infrastructure improvement. Use borrowing to do that.

The last three relate to the city of Toronto.

Levy the same provincial education tax rate on commercial and industrial properties and large apartment buildings across all of Ontario. Right now the rate in Toronto is higher than it is in the other parts of the province.

Amend or eliminate Bill 140 so that larger municipalities in Ontario can increase property taxes on all classes of property: commercial, industrial and large apartment buildings, as well as residential properties. Right now that's impossible because of Bill 140. If you had the same commercial, industrial and large apartment rate across the province, that would open a window for the large municipalities, specifically in this case Toronto—I think it would also apply to Ottawa—so they could raise taxes across the board and help with some of the problems they have dealing with the downloading of the previous government.

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Provide a local property tax assessment option to the city of Toronto, either at the community or the city-wide level, from an approved menu of assessment systems that includes unit value, acquisition price and current market value. Right now it's current market value. It's very destructive, very volatile to the city of Toronto. Allow them an option from a menu that would be approved. There are a variety of alternate assessment systems, and that would also help to stabilize the financial situation within the city.

There are some points along the way. I would suggest that the so-called Taxpayer Protection Act that the previous government implemented is absurd, putting it kindly. It should be repealed. Governments require the flexibility to both raise and lower taxes as well as borrow funds when necessary. You were elected; you were given a mandate. Follow through on it.

Until such time as the province is able to fully implement the recommendations of the Rozanski report, as well as examine and improve the basic funding formula, which is a very flawed formula, immediate action to increase the operations grant would benefit students and communities across the province. A modest increase to the capital improvement budget for maintaining and upgrading older school facilities would be a great help to communities with aging schools—again, cities like Toronto, Hamilton, Windsor, Ottawa and so forth. Both measures are modest cost items, and this would be in addition to what Rozanski recommended.

The October 2, 2003, provincial election was a mandate for the current government to get on with the job of restoring programs and governing structures that have been neglected or discarded for far too long. I included a quote from Rick Salutin's December 19 column: "Balanced budgets are not the sole independent variable." That's all we've heard for the last eight-plus years about balanced budgets. There is more to governing than balanced budgets. There are different ways to itemize costs. When you invest in infrastructure, that's an investment. Surely it costs money, but it's an investment. Taxes go up as well as down and are a means of redistributing wealth in accord with justice and mutual social responsibilities.

In the previous election, much was said about education and hospitals—health care is the broader term. They have been neglected for far too long. You should move ahead with implementing your election promises in that regard.

Finally, a couple of points with respect to the assessment system and the education tax. Allow the city some tax room by equalizing commercial, industrial and large apartment tax rates across the province. That would help when it needs to finance its ongoing commitments that were downloaded by the previous government. What you need there is to give them some room to raise taxes across the board so tax increases are not just on property taxes.

Finally, the present market value assessment system—and there are a couple of pages at the end on this item—is very regressive. It's a location tax. It penalizes areas where house prices are high and people who want to improve their houses. Allow municipalities the option—and I'm saying specifically Toronto, but it might apply to other municipalities in the province—of other assessment systems. There are a number of other systems that would work just as well, only they are much more stable and a lot less volatile. They would allow the cities to focus more on delivering programs and not deal year in and year out with the fact that assessments are shifting tax increases from one area within a city to another. A lot of time is wasted dealing with that, where they should focus

on delivering programs. That's what city and provincial governments are for.

In any case, you have a summary of my recommendations and some details on the rationale. I would be pleased to answer any questions you may have.

The Chair: Your time was very good. I was about to tell you that you had two minutes left in your presentations, so we'll use the two minutes for questions. It will go to the official opposition.

Mr O'Toole: Thank you very much. I hope I don't appear rude, but we have limited time. What's your background?

Mr Milbrandt: I've been active in community groups for the last 30-plus years.

Mr O'Toole: OK. That's good. I just wanted to know if you had—some of the stuff you say here—

Mr Milbrandt: I also spent 11 years on the assessment reform working group in the city of Toronto, so I'm fairly familiar with that.

Mr O'Toole: Assessment reform is where I think you are actually wrong. If you are saying they are equal systems, then why for the last 15 years has assessment reform been the topic of every single party? All, including Bob Rae, backed away from it. You brought up the issue of unit value.

Interjection.

Mr O'Toole: Yes, you did. You backed away from the legislation on current value assessment. My point is this: Unit value is not a progressive tax system. It says you pay for a bundle of services and that you can be living in a multi-million dollar mansion and pay the same tax as someone living in a one-bedroom apartment. The only place that has it is Israel.

Mr Milbrandt: Respectfully, I disagree with you.
Mr O'Toole: You and I could probably disagree—
Mr Milbrandt: Would you let me answer the

question?

The Chair: Mr. O'Toole.

Mr O'Toole: I just have one more question.

The Chair: He would like to answer the first one.

Mr O'Toole: It is important to correct the record.

The Chair: Your own?

Mr O'Toole: We had a presentation today—you can get a copy of it—where the assessment system within this area of the greater Toronto area on a commercial building in Toronto for a single-bedroom rented unit is six times—it's \$7,000 in taxes. That same apartment up at the airport in Mississauga is \$1,200 for the same owner, the same size. You have six times the commercial rate in Toronto—

The Chair: Thank you.

Mr O'Toole: It's pie in the sky.

Mr Milbrandt: Can I be allowed to answer those two questions?

The Chair: I'll allow you to answer since he interrupted you.

Mr Milbrandt: First of all, respectfully, the assessment system, the unit system, is a lot more progressive than the market value system for a couple of reasons:

(1) The unit assessment system is based on the square footage or square metres of a building, lot size etc. The more expensive homes tend to have larger lots and larger buildings than the smaller homes. You can build into a unit assessment system a lower rate for the first, say, 1,400 or 1,500 square feet, which is a modest home, whatever that turns out to be in square metres. A number of studies have been done that show that market value is not a progressive system; it's a regressive system. I'll just leave it there. I don't have the studies at hand.

(2) The commercial rates—

The Chair: Thank you. I'm going to have to leave this now.

Mr Milbrandt: I just want to point out in the commercial rates, because the previous government charged roughly four times the educational rate—

Interjection.

The Chair: Mr O'Toole, will you quit interrupting the presenters.

Interjection.

The Chair: Stop.

Mr Milbrandt: Can I answer the question, please?

The Chair: Yes. He's interrupting you constantly.

Mr Milbrandt: Because the previous government had a rate of approximately four times that on the commercial properties in the city than Parry Sound, for example, the rate in Toronto continued to be much higher than on other municipalities. The commercial rate on the education tax was roughly twice that in Mississauga. By equalizing the education rates on commercial, industrial and apartments across the province, that would lower the rates considerably in Toronto, allowing some window for the city to raise taxes there. Likewise, it would also lower the rate in places like Mississauga. To me, that's the thing to do.

Finally, the city is a big person, a grown-up, 150-plus years old. They can manage their own affairs. They don't have to have the provincial government telling them where they can raise taxes, where they can't raise taxes and what they can do. Besides being downloaded, social programs—contrary to David Crombie's recommendations to your government, you downloaded a lot of social programs which have created financial problems within the city.

The Chair: Thank you for your presentation this afternoon.

1510

TAX EXECUTIVES INSTITUTE

The Chair: I'll call on the Tax Executives Institute. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of Hansard.

Mr Vince Alicandri: Good afternoon. My name is Vince Alicandri. I am the director of corporate tax for Hydro One. With me today is Bob Westlake, corporate tax consultant with GE Capital Canada. We are here to testify today on behalf of the Tax Executives Institute.

TEI is the pre-eminent association of business tax professionals. Our 5,400 members work for 2,800 of the largest companies in Canada, the United States and Europe, with representatives from a broad cross-section of the business community. Our Canadian members contend daily with the complex provisions of the income, excise and sales tax acts and, with chapters in Montreal, Toronto, Calgary and Vancouver, make up approximately 10% of TEI's membership.

Although our comments today reflect the views of the institute as a whole, the views are guided and informed by TEI's Canadian members. TEI commends the Ontario standing committee on finance and economic affairs for holding pre-budget consultations again this year. The hearings provide an important avenue for the committee to gather input from Ontario taxpayers, and TEI is pleased to have the opportunity to participate.

TEI has several recommendations in respect to taxation measures to promote a business environment favourable to investments in Ontario that will foster economic growth and job creation. Our recommendations will also reduce compliance and administrative costs and spur economic efficiency and prosperity for Ontario by improving its competitiveness with other provinces and neighbouring US states.

TEI urges the standing committee to make the two following recommendations to the Ontario government: (1) phase out and repeal the Ontario Capital Tax; and (2) announce in the first budget message the government's intent to reduce the Ontario corporate income tax rate to 8% as budgetary constraints permit.

Mr Westlake will now speak to our recommendation.

Mr Bob Westlake: In respect to our first recommendation, TEI has consistently advocated the elimination of capital taxes at the federal and provincial levels. At federal pre-budget hearings in November 2002, TEI urged the repeal of the large corporations tax.

The federal government's 2003 budget message announced legislation to implement the phased reduction and elimination of the LCT. TEI endorsed the federal government's move, because capital taxes, including the LCT, are a significant impediment to investment in Canada. Indeed, because the tax is counterproductive, we encouraged the federal government during the 2003 prebudget discussions to consider accelerating the reduction and repeal of the LCT. Accelerating the LCT's repeal will hasten investment in Canada by Canadian and foreign firms and thereby spur job growth.

Similarly, TEI wrote to the Honourable Greg Sorbara, Minister of Finance for Ontario, in November 2003 urging the Ontario government to eliminate the Ontario capital tax during the same period that the federal government will eliminate the LCT. The elimination of the Ontario capital tax should be accelerated, we said, in order to ameliorate the negative effect on the economy. Specifically, we recommended that the Ontario government consider reducing the Ontario capital tax rate for all

corporations for 2004 to 0.2% and to completely eliminate it effective 2005.

In his response to TEI, Minister Sorbara said: "With respect to your comments about Ontario's capital tax ... we will be working closely with Premier McGuinty and consulting with the people of Ontario to develop a plan that will restore balance to Ontario's finances.... Be assured that your comments about Ontario's corporate income taxes and the capital tax will be taken under advisement."

We urge this committee to recommend the phase-out and elimination of the capital tax. This tax discourages investments in capital assets such as buildings, machinery, equipment and computers that constitute the essential infrastructure for business activity and employment in Ontario. By eliminating the capital tax, Ontario would encourage business investments and promote economic and job growth for Canada generally and Ontarians specifically.

Mr Alicandri: Our second recommendation is to urge the standing committee to recommend that the government announce in its first budget an intent to reduce the Ontario corporate tax rate as budgetary constraints permit.

Regrettably, on November 24 of last year, the Ontario government introduced legislation effective January 1 that cancels the previously legislated corporate income tax rate reductions, increases the general corporate tax rate to 14%, and increases the manufacturing and processing rate to 12%. This action has engendered significant adverse consequences for Ontario businesses.

First, under the accounting rules, all corporations doing business in Ontario are compelled to revalue assets and liabilities, and most companies will likely record a reduction in earnings. The sudden reversal of the rate reductions undermines investor confidence in businesses in Ontario, because it calls into question the stability of Ontario's fiscal regime.

Second, the competitiveness of Ontario businesses has been eroded compared with businesses in other provinces, including Alberta, where the tax rate is scheduled to decline this year from 12.5% to 11.5% and the province has announced its intent to reduce the corporate tax rate to 8% when it is appropriate to do so. The key is that they have made that announcement. In addition, the combined federal and Ontario rate, including the Ontario capital tax and withholding tax on dividends, generally exceeds the combined US tax rate.

Third, the increased effective tax rates reduce companies' annual returns on capital employed, reducing share price performance and access to capital. The cumulative effect of these changes will lead to a reduction in business investment in Ontario, which will lead in turn to a reduction of gross domestic product and jobs.

Finally, in addition to the corporate income tax rates, investors in Ontario businesses generally consider the effect of Canadian withholding tax burdens on dividends. As noted in our written statement, when withholding taxes are added to the combined federal and Ontario

income tax rates and capital taxes, the current Ontario tax rate exceeds that of US competitors located in neighbouring states as shown in the Ontario 2002 budget. Indeed, is it coincidental that one of Canada's principal trading partners, the United Kingdom, is now advertising on Ontario radio stations that the UK's corporate tax rate is 30% and that Canadian-based companies have recently expanded their operations in the UK? I think not. The advertisement encourages Canadian companies to establish operations in the UK.

To forestall further erosion of job-producing investments in Ontario, we urge this committee to recommend that the Ontario government announce in its 2004 budget its intent to reduce the corporate income tax rate to 8% as the fiscal situation improves. Such an announcement would mitigate the damage to the business environment from the November announcement and would send a positive signal to Ontario businesses and others considering expanding to Ontario.

On behalf of TEI, thank you for the opportunity to participate in the committee's hearings on the pre-budget discussions. Mr Westlake and I would be pleased to respond to questions that you may have.

The Chair: We have about three minutes per party, and we begin with the NDP.

Mr Prue: You've asked for both of these, and maybe they're laudable goals and maybe they're not. How much is this going to cost the budget of Ontario?

Mr Alicandri: I don't know how much it's going to cost the budget of Ontario, but how much is it going to cost the budget of Ontario not to do so? I hope it doesn't sound like a doom-and-gloom type of presentation, because it wasn't meant to be. The presentation really focuses around the competitiveness of Ontario, and the tax system is an important component of that. If our tax system is 40% or 50%, and that of the US and the UK and other provinces is much lower, where do you think businesses will expand?

Mr Prue: I don't know. I've watched for the last eight years as homelessness has grown. I've watched schools crumble. I have watched—

Mr John R. Baird (Nepean-Carleton): Some 1.2 million jobs.

Mr Prue: No, I haven't watched that.

I have watched a whole bunch of things and so has the public of Ontario, and that has all been rejected. What people are looking for is the building of those. So how is your solution going to build back the schools, get rid of the homeless, fill our hospitals full of nurses, have our cities vibrant again, put buses back on the street? That's what I want to hear. How is it going to do that?

Mr Alicandri: By creating jobs and investment in Ontario. Absent the Ontario investment, absent the Ontario jobs, you're not going to have the money to do all those things that I'm sure everyone in Ontario does want.

Take a look at your own personal situation. If you shop around for a car and dealer A is willing to charge you \$30,000 and dealer B is willing to charge you

\$20,000 for the same car, where are you going to shop? It's that simple. Businesses have economic decisions to make and, especially in today's environment, businesses are very mobile. Not to look at a competitive tax system, I think, would be foolish. Whether that competitive tax system is 40%, 30% or 20%, it has to be competitive in relation to your competitors.

Mr Prue: Do I still have more time, Mr Chair?

The Chair: You have a minute.

Mr Prue: I sat throughout Ontario for the last eight years and listened to arguments similar to yours and saw the whole thing fall apart. Everybody fell apart except you guys. I think you did OK. What I'm hearing you suggest to me is that you want to continue to do OK because you're doing all right. What do I tell the rest of the 95% of the population?

Mr Alicandri: I don't want to debate with you

whether we have done OK.

Mr Prue: I'm sure you have.

Mr Alicandri: Some companies have done OK; other companies have not done OK. But I think you do have to recognize the logic to the argument that if you want a prosperous Ontario, you have to create a good business community, a good place to do business. Absent that environment, and you're just not going to have the funds to do all the good things you want to do.

The key to our recommendation is, don't do it now but at least announce your intent, your recognition of that fact: "Hey, as the situation does improve, we will reduce

business taxes."

The Chair: We move to the government.

Mr Racco: Mr Alicandri, I did understand what you said when we came, so I support that. If it were up to me, 6% would be better than 8%, and maybe one day we will be able to afford it. At the end of the day, I would buy the car for \$20,000, but if I don't have a job I can't buy the car.

Mr Alicandri: Absolutely.

Mr Racco: And if I am sick and the hospital isn't there—I won't be able to be on the street. So the balance at the end of the day is—not only that, we did promise that we were not going to decrease or increase the taxes.

Surely, you as a business person want the politicians to try to honour the promises that they made. Our promise was clear: no increase in taxes, no decrease in

taxes. Would you disagree with that?

Mr Alicandri: Yes. First of all, if you just compare it to the tax rate that was in effect before it was revoked, it was 11.5%. If you compare it to where the legislated tax rate was going to be by 2008, it was 8%. Where is the rate today? It's 14%. My math tells me that's a tax increase.

Mr Racco: With the highest respect, the tax was not increased. The tax was left where it was on that date, on October 2. There was a potential to lower the tax; it did not take place. So at the end of the day, no change took place. Without debating, I appreciate your comments. I certainly would love to support it, but I think we should all have a conscience—which I am sure you do have on a

personal level; I don't question that at all. All of us do have it. We just miss the point sometimes that unless we have the basic social services, we can't live, we can't have a community.

By the way, is it your belief that if an employee cannot work properly because he or she is sick or doesn't have accommodation, that employee can produce for the corporation the same amount of production?

Mr Alicandri: Of course not. When I refer to competitiveness, taxes are an important component of that, but so are a lot of other things you've mentioned that you want to work on. But the reality is that you're competing against a Third World country; you're competing against the US, you're competing against the UK, you're competing against other Canadian provinces. That is the reality.

The Chair: We'll move to the government—the official opposition.

Mr Baird: We're not the government yet. We've got a little bit of work before we get there.

I was listening with great interest to my friend Mario Racco from Thornhill, and he said, "No, we just kept taxes to the level they were on October 2." What was the level of corporate taxes on October 2?

Mr Alicandri: It was 11.5%; it was rolled back to 2001 tax rates,

Mr Baird: So it was 11.5% on October 2, and what is it today?

Mr Alicandri: It's 14%.

Mr Baird: I call that a tax increase. I don't know what kind of math he's looking at or what he's smoking over there, but I'll tell you, I see that as a tax increase.

Interjections.

Mr Baird: I look here at your presentation. That was my next question, I say to the member from Perth. Looking on page 5 of your presentation, the third bullet, you talk about the combined federal and Ontario rate, including the Ontario capital tax and withholding tax on dividends, and it generally exceeds the combined US tax rate. That can't be true. Dalton McGuinty and Greg Sorbara told me in the House, as they told all members, that our tax rates were 25% or 30% lower than other jurisdictions. Who is right?

Mr Alicandri: What Mr Sorbara may have been referring to was the corporate tax rate, so that when we refer to 14%, he may be referring to that rate. What these rates also talk about are really the competitiveness of the tax system itself. For instance, in comparison to the US, our capital cost allowance system leaves a lot to be desired. The tax depreciation available in the US is now much better than it is in Canada. Their ability to write off inventory earlier and faster is much better than in Canada. I'm sure that Mr Sorbara's rates probably did not include the effect of the capital tax, which adds about 3.3%, and also would not have included the effect of the withholding tax, which in an economy such as ours is a real tax.

Mr Baird: The taxman cometh and puts his hand in one pocket and takes out money; I also count the other

hand going in the other pocket taking out money too. Obviously we want to make it as competitive as possible. So we know, and this will be of great interest to my friend Mr Racco, that taxes are higher today than they were—

Interjections.

Mr Baird: I watched Dalton McGuinty on TV, and he didn't say corporate taxes or small business taxes or personal income taxes.

Interjections.

The Chair: Please.

Mr Baird: Now we know for sure. We've had a good presentation that has dispelled that, from someone out in the real world. I completely agree with your presentation.

Mr Prue was interested in talking about the decline in public services, like Mike Harris cutting health care from \$17 billion to \$28 billion. They think we're spending too much money with that \$17-billion or \$18-billion increase, some of them. I think it's a tremendous concern. I don't think this is the week for Liberals to be talking about financial scandals, with great respect, I say to my friend

The Chair: Do you have a question, Mr Baird?

Mr Baird: I just wanted to thank you for the presentation. Your comments on capital taxes are bang on. That's got to be the goal of the Ontario government. Your comments on the corporate taxes are bang on as well. I certainly plan to try to include both of those in our recommendations to the minister. I want to thank you for your presentation. It was very thoughtful, very clear and specific.

The Chair: Thank you for your presentation this afternoon.

The people coming in at 3:20 have cancelled. We have a notice of motion from Mr Prue.

Mr Prue: Yes. It's a very simple motion.

"That the standing committee on finance and economic affairs ask the Minister of Finance to include the Premier's commitment to assist seniors by using 'the first budget to resolve the underfunding of community support agencies by increasing the base funding by 25% for the Ministry of Health and Long-Term Care'; and

"That this funding be included in the 2004-05 budget in order that the government can live up to the commitment in the first budget as promised."

The Chair: You have two minutes for comment, if you wish.

Mr Prue: The presenter came here today and quoted a very articulate and wonderful letter from Dalton McGuinty dated September 17, 2003, when those exact statements were made, in order to allow services to be delivered again, primarily to the poor, the old, the sick and the infirm in their own homes. I think it's self-evident that this is a policy that should be followed, and I would like to support Mr McGuinty in making sure that this makes its way into the first budget, as promised.

The Chair: This will be dealt with at the reportwriting stage.

We've had notice from Mr O'Toole.

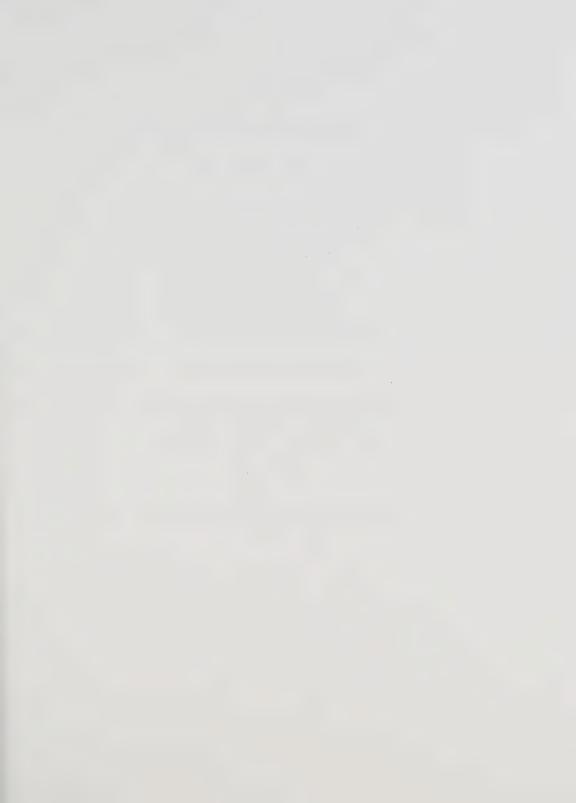
Mr Barrett: Mr O'Toole is absent right now. I don't know whether you can accommodate that. We've traditionally had the expectation that these motions were held at the end of the session.

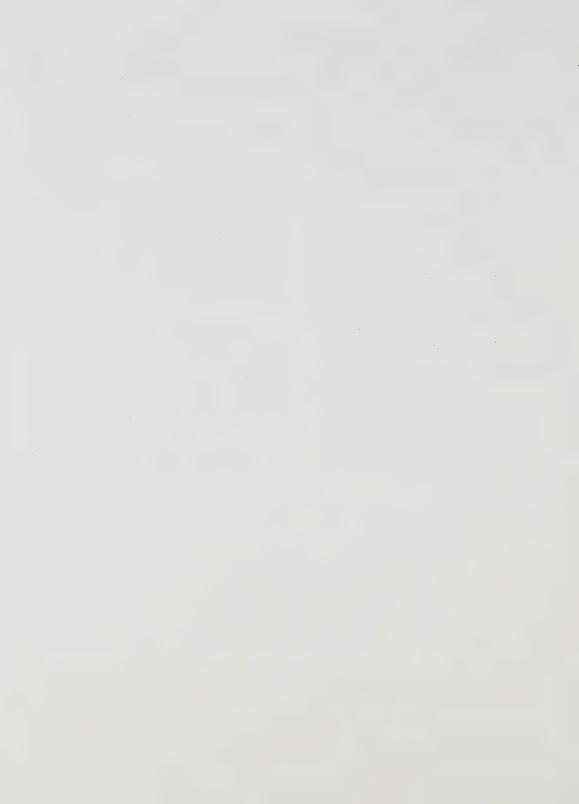
The Chair: The mover not being present—
Mr Baird: I think he's calling the member in.

Mr Colle: Mr Chair, I'd like to move adjournment.

The Chair: All those in favour of the motion to adjourn? All those opposed? We're adjourned.

The committee adjourned at 1532.





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First Session, 38th Parliament

Official Report of Debates

(Hansard)

Thursday 12 February 2004

Standing committee on finance and economic affairs

Pre-budget consultations

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Première session, 38^e législature

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Consultations prébudgétaires



Président : Pat Hoy Greffier : Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 12 February 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 12 février 2004

The committee met at 0900 in the Four Points by Sheraton, Kitchener.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. The committee is pleased to be in Kitchener-Waterloo this morning, and I would invite the region of Waterloo to please come forward.

REGION OF WATERLOO

The Chair: You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to state your names for the purposes of our recording Hansard.

Mr Ken Seiling: Good morning, and thank you for the opportunity of being here. My name is Ken Seiling; I'm the regional chair for the region of Waterloo. Larry Kotseff is the commissioner of planning and culture and Mike Schuster is the commissioner of social services. I'm going to try to speed through this very quickly, but you do have a copy that we provided for you. You have two things: a copy of my comments and a background document that was passed out to all of you as well.

On behalf of the region of Waterloo, I want to thank you for the opportunity to participate in the 2004 prebudget consultations. The elections and change in government led to many expectations about the relationship between the province and municipalities and even the federal government. Although there is a message of serious fiscal restraint, I think it is important that we collectively keep our eyes on the future and recognize that much needs to be done to keep this province healthy in every sense of the word. I say that knowing that you're probably looking for cuts, but we're here to tell you what we really think is needed.

There are many areas on which I could touch but I propose to focus on just a few. This is not to say we do not have other interests; we do, and we hope to see many issues addressed in the coming years.

While the information to be presented reflects the specific issues in Waterloo region, I do feel that the general thrust of our presentations would be equally relevant to all of Ontario's major urban areas and probably many of the rural areas.

Our city and regions are acknowledged as the economic engines that drive the provincial and national economy. I would suggest to you that consistent, stable provincial government investment in municipal infrastructure, both human and physical, is essential to support a high quality of life in Ontario cities and maintain Ontario's global economic competitiveness.

It is interesting that many of the needs we have identified for Waterloo region are consistent with needs in other areas and consistent with what I believe are the objectives of the province.

Waterloo region continues to be a fast-growing community with tremendous economic growth within the province. With a current population of about 470,000 the region is the fourth-largest urban area in Ontario. With an annual gross domestic product in excess of \$16 billion, the region of Waterloo contributes a net \$1 billion back into the Canadian economy annually. It is home to one of the youngest and most culturally diverse populations in the country—a population that drives the kind of advanced economy that ensures Ontario's competitiveness in the global marketplace.

This growth and success are not just accidents of geography but the result of initiative, investment, entrepreneurial skill, and a community ready and willing to move with the times. It has faced and continues to face challenges.

Two examples will illustrate how the region has actively sought to meet these challenges though new investments, which also have the benefit of aiding the provincial and national economies.

The region is spending \$25 million over the next 10 years to improve and expand the region of Waterloo airport, which will provide not only commercial air service to business and industry but will provide regional passenger service. It is a partner in the development of the \$200-million Research and Technology Park at the University of Waterloo with the province of Ontario, the federal government, the University of Waterloo, the city of Waterloo and private partners.

However, if the region is to remain economically prosperous and continue to support a high quality of life and provide funding to the provincial and federal government, a new funding framework is urgently required to address the needs of the community's significant built and social infrastructure, both in terms of enhancement and replacement costs and to minimize the potential burden on the property tax system.

It is neither appropriate nor feasible to continue to rely primarily on the property tax base as the main source to fund initiatives of such important provincial and national benefit. To provide for a measure of predictability at the municipal level for the staging and financing of large infrastructure projects, there is a need for an ongoing federal-provincial infrastructure commitment. I believe that the most equitable and sustainable funding model for such an ongoing program would involve a balanced sharing of responsibility between the municipal, provincial and federal governments.

I would like now to discuss our more specific recommendations regarding the provincial funding commitments required to address service in a number of areas.

At present, the most acute financial pressures affecting the region of Waterloo relate to, first, physical infrastructure—roads and bridges, transit infrastructure including light rail transit, and affordable housing—and second, public health and social services—early childhood education and care, public health and emergency medical services, social assistance and long-term care.

A new funding arrangement is needed to address both growth-related pressures and the maintenance and replacement requirements of our roads and bridges—a network that is essentially the bones of our transportation system. If the network is unhealthy, it can seriously undermine our quality of life and our economic base.

In 1999, a number of provincial responsibilities, including former provincial highways, were transferred to municipal governments without adequate funding arrangements for ongoing costs. The cumulative impact of this downloading combined with municipal budget pressures during the 1990s has compromised our ability to maintain our roads and bridges and has resulted in a significant transportation infrastructure deficit—that is, the accumulation of unmet needs.

In the region of Waterloo alone, this cumulative infrastructure deficit amounts to approximately \$200 million. In addition, we have a current funding shortfall of about \$12 million per year. To attack both the accumulated deficit and the current annual funding shortfall over a 10-year period we will be looking to find a total financial commitment of \$32 million a year if we want to meet these targets.

Assuming a workable federal-provincial-municipal funding program for high-priority projects, we are suggesting that the province should undertake to fund one third of total costs on an annual basis. The region of Waterloo is asking the provincial government to develop a permanent tripartite infrastructure program with a commitment, in our case, of about \$10.7 million per year. A healthy transportation system is essential for strong communities and a strong province.

During its last term, Waterloo regional council undertook a comprehensive planning and public consultation process to develop its regional growth management strategy. The RGMS identifies where, when and how future population and employment growth should best occur in the region of Waterloo. It balances reurbanization with limited new greenfield development while

offering protection for our precious agricultural lands and sensitive environmental areas through the establishment of hard countryside lines.

A key plank in the RGMS—and one that will ultimately contribute to the success of reurbanization—is the development of the central transit corridor, anchored by a higher-order transit system using light rail transit technology.

Since the region assumed responsibility for transit in 2000, our region has aggressively expanded and enhanced our transit services. This has resulted in significant gains in ridership—more than 17% in the system overall in the last three years, with a 52% ridership growth occurring in the Cambridge area alone.

We need to aggressively pursue transit service innovation, enhancements and expansion if we are to successfully implement our RGMS, reduce the growth of automobile usage, and meet Kyoto targets. I hope the province will continue to partner with us in our efforts.

While the details are included in the written submission, I would just like to highlight a few of our transit needs in Waterloo region. In order to enhance transit service, increase ridership and better meet the needs of the community, the region requires significant new expenditures. These expenditures are required to maintain, replace and expand the existing transit fleet, further improve transit facilities and implement transit priority measures and new technologies, including those described in the region's urban transportation showcase program from the federal government, which recently awarded us \$3 million toward this program.

Without additional financial assistance from the provincial government, it will be difficult if not impossible for the region to fund its transit fleet replacement and system expansion needs.

In total, system replacement, enhancement and expansion needs will require a financial commitment of \$120 million over 10 years, or approximately \$12 million per year, for which the provincial government is being asked to contribute one third, or \$4 million.

The region's light rail transit system proposal is a request for a capital infusion of approximately \$87 million from the provincial government to partially fund the first phase of the LRT. For the light rail transit system to come to fruition, federal, provincial and local governments are being asked to share equally in the projected \$260-million first-phase development cost.

0910

The return on this infrastructure investment will be measured not only in terms of ridership but in the more vibrant urban places it helps create, the reining-in of urban sprawl, its contribution to sustaining and protecting our precious rural and environmentally sensitive areas, its support of a stronger economy and improved air quality and citizen health.

Our transit plans and LRT proposal were not developed in isolation but rather are closely integrated with and flow out of our growth management strategy. They also reflect what I believe are the province's objectives in promoting planned or smart growth.

I was reminded last night at regional council that we have a strong interest in the critical capital needs of GO Transit in the GTA. We have been attempting to get some limited GO service to the region but have been consistently told that a major capital upgrade is required within the GTA prior to any system expansion. We understand that the federal government has allocated some funds to this and would suggest that solutions for the GTA GO deficiencies will ultimately make GO expansion possible for Waterloo region and other areas. In the meantime, we believe there are some alternate arrangements which might be provided by GO, if there is a provincial willingness to consider them.

Since assuming responsibility for social housing, the region of Waterloo has been a leader province-wide in the development of new affordable housing. With assistance from our provincial, federal and community partners, the region of Waterloo has gone a long way toward achieving the primary goal of the region's affordable housing strategy—the addition of 1,000 more units of affordable housing by the end of 2005. Currently, there are more than 650 affordable units that have been built, are under construction or are in the planning stages; however, our current waiting list is for over 4,000 units, so we've got a long way to go.

The flowing of federal and provincial funds for current commitments and additional funds for future projects are critical to the ongoing success of our program.

To resolve affordable housing needs in Waterloo region, we need to build on the many initiatives already underway to create new affordable housing while at the same time ensuring that the existing affordable housing stock is maintained at an adequate standard. We therefore recommend that the provincial government first of all allocate further funding for new affordable housing; expedite the flow-through of federal housing funds; implement tax incentives and tax relief for the construction of new affordable housing; and fully fund adequate capital reserves for all existing non-profit and co-operative housing projects. As you're aware, when these units were transferred to us from the province, adequate reserves were not transferred with them, and it's creating a huge issue for municipalities.

The region applauds the provincial government's financial commitment to improve the quality and quantity of early childhood education and care. In particular, we welcome the recent announcement by the Minister of Children's Services that Ontario municipalities will receive \$9.7 million this year to provide one-time funding for minor capital and health and safety issues for licensed child care programs. I'm talking about the whole range, not just our own. Our share of this one-time funding is \$400,000, approximately. It is being distributed to various child care centres this month and will go toward meeting the immediate health and safety needs of the many child care centres in Waterloo region. This is a positive first step.

For our part, the region of Waterloo has been extremely proactive and supportive of early childhood

education. Currently, we're building a new \$1.5-million child care centre in Cambridge, at 100% regional cost.

With respect to ongoing funding for child care, the region of Waterloo is recommending a substantial investment of new funding to expand the child care system. Since 1995, only 44 subsidized child care spaces have been added in the region of Waterloo, and the demand for child care programs for children with special needs continues to grow.

The province is urged to continue to invest in the formal child care system in Ontario by flowing the federal dollars so communities such as ours can address the most pressing issues.

We have been hearing almost daily about the deteriorating level of care our seniors and other citizens are receiving in the province's long-term-care facilities. During the election campaign, and more recently, the Minister of Health and Long-Term Care has stated his commitment to make sustainable improvements in the long-term-care sector. We welcome this wholeheartedly.

In order to bring Ontario into line with the average in other jurisdictions, the region supports the government's initiatives to clarify standards and improve the monitoring system. The region seeks the province's commitment to an operating infusion of \$420 million a year provincewide to address the care deficits in our current system. The region also supports increased provincial funding for home and community care, as this form of care is critical in enabling people to live at home longer and avoid premature admission to care facilities. We recognize that isn't our responsibility, but we still think it's very, very important to the larger community.

The region also encourages the province, in consultation with municipalities, to proceed with the election commitment of increasing social assistance rates to help alleviate the negative impacts resulting from the original cuts.

In order to ensure proper budgeting and planning for social assistance programs, the province must provide more timely information on the projected costs of these programs so that the region's budget is not negatively impacted as it has been in the past. Unilateral, retroactive billing for programs is less than reasonable when it is imposed by one of the partners. The recent \$1.9-million billing we received long after budget is inappropriate relative to the ODSP and, we believe, should have been assumed by the province.

Public health and emergency medical services, with the exception of the Healthy Babies, Healthy Children program, which is 100% provincially funded, are cost-shared 50-50 by the region and the province. These programs, briefly disentangled, were once again cost-shared prior to the 1999 election. I think the year is right.

In the case of EMS, not only were performance measures imposed, which were seldom ever met by the province, but the province has failed to meet its cost-sharing commitments. Until such time as there is a change in funding arrangements, we believe the province must provide its matching funds and approvals in a

timely way. With respect to EMS in Waterloo, we anticipate a shortfall of \$1.2 million in 2004 in provincial funding. Meeting provincial requirements has resulted in new capital expenditures, which the province does not recognize for cost-sharing purposes at all. This places an additional financial burden on the region.

In addition, the province should continue to provide adequate funding covering the full costs of meeting the targets that it sets out with respect to the Healthy Babies, Healthy Children program, which we now see are falling back to us.

Let me briefly summarize some of the key points.

We need a federal-provincial-municipal infrastructure program to address infrastructure deficits and transit programs on an ongoing basis.

We need a strong commitment on the part of the province to assist in public transit, whether it be conventional or special transit, light rail or heavy rail.

We need the province to get back into affordable housing and to ensure that federal money flows readily to

housing projects.

We need a renewed commitment to expand the child care system in Ontario and to ensure that any federal funds flow quickly and easily to local programs.

We need the province to work with its service delivery partners and honour its financial obligations

Last, we need the province to review and enhance both the social welfare system and long-term care.

This province's major urban centres accommodate approximately 70% of Ontario's population and are truly the engines of the provincial economy. As such, the important role and partnership with the government to address the critical urban issues that face all of us cannot be underestimated. The region of Waterloo, like other major urban centres, is not in a position to go it alone. Our shared responsibilities require the level of partnership we have outlined today.

We are asking for a new funding partnership with the provincial and federal governments that will ensure that the region of Waterloo and other communities can provide the physical and social infrastructure needed to help it fulfill its and Ontario's potential on the world stage

Thank you very much for this opportunity to address you and thank you for considering our requests.

The Chair: We only have time for one question, about three minutes. In this rotation we'll go to the official opposition.

Mr Ted Arnott (Waterloo-Wellington): Thank you, Mr Seiling, for that excellent presentation. I think you've highlighted the infrastructure needs of Waterloo region very effectively. You know you've had support from the local MPPs in the past on that issue and you can be certain that you'll have it in the future.

It was recently reported in the Kitchener-Waterloo Record that the region of Waterloo area has one of the lowest unemployment rates in the country. We've enjoyed considerable economic success in recent years, and that's due to a lot of factors. I think we have an

outstanding work ethic, we have a strong community that cares about its citizens, and we've had good government policies, by and large, in recent years, which have encouraged those kinds of economic developments. We have extraordinary synergy between our universities and community colleges with the business community—all those factors.

What do you think are the most important factors that have contributed to our economic success in recent years in Waterloo region, and how can the provincial government look at that success and seek to improve economic policy across the province?

Mr Seiling: I think there are a number of factors. In this community, obviously, there is a very high degree of entrepreneurialism. It's very historical and has helped this community, but also the presence of the two universities and the willingness in the community to go above and beyond what others might have done in terms of local investment and opportunities.

This is probably not unique to this region, but if you take a look at potential property tax increases across the province right now, what has happened over the last 10 or 12 years in Ontario is finally coming home to roost with municipalities. The cost of sustaining all of this, not only for us but for others, is falling down at a lower level. If you read the papers now, you'll find that virtually no municipality in Ontario is proposing a property tax increase of under 5%; most of them are in the 10% to 20% range this year.

Falling out of all of this is that the kinds of human infrastructure and social and physical infrastructure needed to sustain the Ontario economy—our economies, which are the Ontario economy and which drive a lot of the country's economy—really need help. We cannot continue to absorb everything that has fallen down as each of the levels of government has successively cut back.

We've been very successful, but to maintain that success and the success of the country, we really need to find ways of financing the infrastructure that supports these kinds of vibrant economies.

The Chair: Thank you for your presentation before the committee this morning.

0920

WILFRID LAURIER UNIVERSITY

The Chair: I call on Wilfrid Laurier University. You have 20 minutes for your presentation. You may leave time for questioning within those 20 minutes if you wish, and I would ask you to identify yourselves for the purposes of our recording Hansard.

Dr Richard Walsh-Bowers: Dr Richard Walsh-Bowers.

Ms Allison Baxter: Allison Baxter.

Ms Seema Aggarwal: Seema Aggarwal. Ms Jessica Vinograd: Jessica Vinograd.

Dr Walsh-Bowers: Good morning. My name is Dr Richard Walsh-Bowers. I am professor of psychology at

Wilfrid Laurier University and coordinator of the graduate program in community psychology at Laurier.

Community psychologists, like all scientific and professional psychologists, are ethically committed to promoting human welfare. As psychologists, we have a special responsibility to contribute to the development of public policy that advances the well-being and quality of life for all people, given the uniqueness of our knowledge base and professional expertise.

Community psychologists have a particular contribution to make to public policy because we are concerned with preventing environmental, economic, social, health, and mental health problems; improving the quality of life and well-being for all, particularly for marginalized individuals and groups in society; and building the sense and reality of community. In short, we strive to foster healthy families in healthy communities in a healthy environment.

Joining me today are masters students from the community psychology program at Laurier, who are concerned, as I am, about public policy in Ontario today in light of the Liberal government's spending pledges on the one hand and the budget deficit on the other hand. These women are taxpayers and they have a strong investment, literally and figuratively, in the government's priorities, and they vote.

In our recommendations today, we employ the framework of what's best for the well-being of all Ontarians, rather than what's best for the most privileged. As most young people realize, Ontario is in a perilous state environmentally, economically and socially, when we consider all levels and aspects of society. Consequently, effective plans are essential to produce long-term moneysaving measures. But in the short term, we urge you to take back the tax cuts from the well-to-do and from the top corporations. You are responsible for everyone in Ontario, not just the Canadian Taxpayers Federation. If you adopt our recommendations and take back the tax cuts from the well-to-do and from the top corporations, you will have the revenue you need to nurture community well-being for all.

In the following presentations, we cannot possibly cover all the environmental, economic and social problems that beset Ontario today. Instead, we will focus on three main points. Allison Baxter will address environmental accountability, Seema Aggarwal will discuss the status of children and child care, and Jessica Vinograd will address health care.

Ms Baxter: Under the Environmental Bill Of Rights that came into effect in February 1994, the provincial government has the primary responsibility to protect, conserve and restore the natural environment of Ontario. Furthermore, this bill stipulates that Ontarians have the right to participate in government decision-making about the environment, and have the right to hold the government accountable for those decisions. We are here today to exercise our right under this bill.

You must invest in the environment now. Your policies must protect it and recognize its fundamental

value in the lives of Ontarians. We think that you have a responsibility not only under the Environmental Bill of Rights, but also as citizens of the province of Ontario. Investing in the environment is investing in the future, because without it, we have nothing. It is the foundation that sustains us. You need to put the environment first, not only because it is our future, but because it is an investment in the health of Ontarians.

An Ontario Medical Association cost analysis reported that in the year 2000, air pollution led to the premature death of 1,900 people, 9,800 hospital admissions, 13,000 emergency room visits and 47 million minor illness days in Ontario. When considering the costs to the health care system, to employers and employees and to the people of Ontario, the total annual economic loss due to air pollution is approximately \$10 billion. This cost analysis forecasts that the economic loss will increase to \$12 billion by the year 2015 if this issue remains unaddressed. Without a doubt, government funds would be better utilized if they were directed at preventative environmental solutions.

The environment needs to be a top priority during your term. You made a promise to the people of Ontario that if elected you would shut down Ontario's coalburning power plants by the year 2007 and replace them with cleaner sources of energy. We support you in this endeavour and challenge you to follow through on your promise. If you focus on introducing renewable sources of energy into Ontario's energy strategy, you are in a position to set the standard for other Canadian provinces and territories. This need not start as a big endeavour. Small steps and investments are significant and important, as action is needed now. The Environmental Task Force of Toronto advocates that this can be as simple as putting solar panels and wind turbines on rooftops and buildings. It is time for you to take leadership and have a positive impact on the future of Ontario's environment.

We recommend that the government of Ontario focus on wind energy because of its enormous benefits. Wind energy is an investment in the environment, the people, and the economy of Ontario. It provides clean energy and reduces the need for non-renewable energy sources. It puts health first by reducing air pollution. It is cost-effective. It creates jobs and promotes capital investment, especially in rural areas.

Furthermore, the Canadian Wind Energy Association asserts that it can provide a reliable source of electricity within a short and flexible timeframe. Thus, by investing in wind energy now, you, the Liberal government of Ontario, have the opportunity to make a significant and lasting impact on the quality of life in Ontario during your mandate. Do not miss this opportunity.

It is your primary responsibility under the Environmental Bill of Rights to protect, conserve and restore the natural environment of Ontario. It is your duty, as the government, to take immediate action to address environmental issues in this province. Clearly, you cannot afford to ignore the damaging effects of air pollution on the health, economy and natural resources of Ontario. The

time for you to act in the name of current and future generations is now.

Ms Aggarwal: We appreciate the opportunity to discuss our concerns regarding child care in Ontario. Ontario's new Minister of Children's Services, Dr Marie Bountrogianni, made the following statement: "After years of neglect, it is time to repair the foundation of child care across Ontario.... We know that if children experience high-quality early learning and child care, they are better prepared to succeed in life." We support her statements and applaud your recent investment of \$9.7 million in provincial funds to non-profit, regulated child care centres for capital repairs and upgrades. However, it is important to note that our efforts in this endeavour must be broadened. We believe that child care in today's society is not only essential in providing support to parents, but also benefits the development of Ontario's children.

Currently, according to studies done by Campaign 2000, a national initiative that aims to build Canadian awareness and support to end child poverty in Canada, regulated child care spaces meet the needs of less than 9% of children under 12 in Ontario. Furthermore, there has been a reduction in investment in regulated child care in Ontario of more than \$160 million since 1995. These funding cuts, as well as downloading the responsibility for child care on to cash-strapped municipal governments with no commitment from provincial levels of government, have led to this severe shortage of child care spaces. Consequently, Ontario has the highest monthly fees for full-time, centre-based child care in Canada.

Although there are child care subsidies that exist for families on low incomes, funding cutbacks have resulted in such long wait periods that tens of thousands of families are not benefiting from this subsidy program. For example, in Toronto there are 13,000 families on a waiting list for subsidized child care spaces.

Given this situation, our recommendations are as follows.

First, implement a universal, accessible, first-rate early learning and child care system in Ontario that is available to all families regardless of their economic, cultural, educational and regional circumstances.

Second, establish ongoing evaluation of current and newly established child care centres that would determine their impact on the development of children. The results of these evaluations should shape the creation of policy with regard to child care issues.

Third, provide funding to assist school boards to establish day care centres in existing schools as well as in any new school built in Ontario.

Fourth, the time has come for you, the provincial government, to take a leadership role in the development of a national child care strategy. Ontario has the resources and expertise to be an innovator among the provinces and territories in the area of child care. We can't pass up this valuable opportunity to be on the leading edge of change in our country.

We acknowledge the financial commitment that is necessary to implement these recommendations. However, the long-term social and economic benefits of early learning and child care far outweigh the short-term costs. Referring to the latest speech from the throne, we agree: Prevention is the best cure. For example, Canadian economists have calculated that every \$1 invested in child care brings \$2 in future social and economic benefits, such as greater employability for parents, higher income taxes paid by parents and savings to the social welfare system. In the long term, effective early childhood education is linked to academic and career success, as well as a decrease in both psychological and physiological illness and behavioural distress in children.

In closing, we are encouraged by your initial investment in Ontario's child care network. However, we urge you to not only see the value in our recommendations but challenge you to take action. We need to put child care in the forefront of our provincial agenda.

Ontario's children are our future. They deserve the best possible start in life that child care in Ontario aims to provide.

Ms Vinograd: As community psychology graduate students, we would like to briefly summarize for the government a more appropriate definition of health and what we believe is the best model within which to address health care issues. We would also like to give a synopsis of just one feasible reform to the delivery of primary care in Ontario that will save the government of Ontario, now and in the future, millions of dollars.

If we are to encompass a better vision of health care delivery, we need to broaden the definition of health. Past governments have addressed health as being the absence of disease. In conjunction with health psychologists, we would like to propose a more appropriate definition of health as "a state of being with physical, cultural, psychosocial, economic and spiritual attributes," not simply the absence of disease.

In conjunction with this better definition of health, we propose an improved framework for considering the broader determinants of health, commonly referred to as the population health promotion model. This model addresses the broader determinants of health, taking into account the social factors that affect health status and outcomes, including employment status, income, level of education, housing, accessibility to nutritious food, and state of the environment.

The best service delivery model that addresses the broader determinants of health is the community health centre. Not simply a health clinic, the community health centre specializes in primary care services and features multidisciplinary teams of nurses, nurse practitioners, physicians, nutritionists, family counsellors, other health care professionals and often social service workers. All staff is on salary, including doctors, rather than fee-forservice, and the community health centre is governed by a community board. The focus is on health promotion and on the prevention of disease.

Community health centres are cost-effective. According to the Association of Ontario Health Centres, clinical

patients see doctors less often than they see nurses or other health care staff, fewer prescriptions per patient are written, patients use hospital emergency rooms less often, and community health challenges are tackled through the centre.

In 2002, the final report of the Romanow commission recommended funding for community health centres. Romanow is quoted as saying that community health centres are "a major breakthrough in primary health care [which will] transform Canada's health system."

In May 2001, the Ontario Ministry of Health and Long-Term Care commissioned a study entitled A Strategic Review of the Community Health Centre Program. According to the researchers of this study, Shah and Moloughney, community health centres are extensively involved in improving the capacity of individuals and communities. This includes minimizing the impacts of poverty in accessing health services; improving language and employment skills; finding, maintaining and improving shelter; increasing access to nutritious foods; supporting healthy child development; and increasing community involvement and leadership.

While there has been much discussion and recognition of the importance of health determinants over the past several years, community health centres actively demonstrate a comprehensive population health approach to service delivery.

Until the government of Ontario incorporates a vision of the future into strategies to deal with the costs of our health care system, the government will continue to inherit deficits. Health psychologists, academic researchers, the Romanow commission and health care providers across the country agree with us: A change in philosophy of service delivery is required in Ontario, one with a proactive emphasis on prevention—a philosophy that situates the community health centre as the main delivery mode of primary care in our province. The government of Ontario is presently in a unique position to be able to take the leadership necessary in implementing health care reforms, while serving as a positive role model for the other provinces and territories of our country.

Dr Walsh-Bowers: These three graduate students, who are among the future leaders of Ontario, as I'm sure you recognize, could have addressed many other current issues, such as the dire need for energy efficiency, the housing and homelessness crisis, the wisdom of crime prevention and community safety, and of course the crumbling status of post-secondary education and the high cost of such education. But selflessly, they chose to focus on three equally important concerns. You've heard their thoughts and recommendations, and their message to you, as is mine, is: Get your priorities straight. Everyone benefits from an equitable, environmentally sustainable society, and Canada could see Ontario as the leader across provinces and territories in fostering healthy families, in healthy communities, in a healthy environment.

In conclusion, we want to emphasize that the students and I can see through the phony dilemma you've created by pitting the budget deficit against spending needs.

Sooner or later, the majority of the electorate will recognize, "What's wrong with this picture?" So, fully commit yourselves to the citizens of Ontario and break your deal with the Canadian Taxpayers Federation. Take back the tax cuts from the well-to-do and the top corporations and invest in prevention measures for the environment, child care and health care. All of these will bring well-being to all Ontarians and produce budget savings at the same time. You know, fiscal responsibility and social responsibility go hand in hand.

The Chair: We only have time for one question, and it will go to the NDP. Mr Prue, about two minutes.

Mr Michael Prue (Beaches-East York): Two minutes. Where do I start? I'm going to do child care in two minutes. You want Ontario to be a leader in child care. I put it to you that probably Quebec is already the leader in child care: \$5-a-day child care, hardly any waiting lists and a well integrated program. Would you not think it better that we follow the Ouebec model?

Dr Walsh-Bowers: We are impressed by the Quebec model and we've given it consideration, Michael. In preparation for this presentation today, we thought it wiser to focus on the particular points that Seema Aggarwal has noted in her presentation. We are aware of the Quebec model, and we're also aware that during the most recently concluded provincial election of 2003 one particular party—I believe it was your party—advanced a policy of \$10-a-day child care. We're acutely aware, also, that the so-called Liberal government in Quebec is retreating on its commitment to child care, and we're very concerned about Quebec being, at this point in time and for the immediate foreseeable future, a model for the rest of Canada.

0940

Mr Prue: My second question, because I have time, I will then spend on the health centres. I agree totally with you that the health centres are the way to go. Are you suggesting in your deputation that we funnel more money to health centres and, as a result, less to hospitals? We've had arguments like yours before. Health centres, community care, work in the home, visiting nurses are all much cheaper than hospitals. Are you suggesting that the money not be given to the hospitals and instead to the health care, or are you suggesting that the money be given in addition to the health centres?

Dr Walsh-Bowers: What we are recommending is the phase-out of the huge investment in the mega-institutions known as hospitals, which frequently function, pardon the expression, as houses of death because they are also primarily the greatest sources of air pollution in local communities, by the way, and increasing the funding that would go to community health centres, locally based services, home care and so on.

The Chair: Thank you for your presentation this morning.

ONTARIO FEDERATION OF LABOUR

The Chair: I call on the Ontario Federation of Labour. You have 20 minutes for your presentation. You

may leave time within that 20 minutes for questions, if you wish. I would ask you to state your names for the purposes of our recording Hansard.

Mr Wayne Samuelson: Wayne Samuelson. I'm president of the Ontario Federation of Labour.

Mr Chris Schenk: Chris Schenk. I'm the research director at the Ontario Federation of Labour.

Mr Samuelson: Let me begin by saying how pleased I am to have some time to talk about our views around the finances of the province. I should also say that we have taken a serious interest in this. We have, as you are probably aware, tried to monitor these hearings and to get some sense of what people are saying. This process, I have noticed, has not been marked with some of the behaviour that might have gone on during the time of the previous government. I note that all and suggest to you that when you read our presentation, you will see that we have tried to be realistic about what we think needs to happen. I'm not going to go through my presentation. I'm not going to read it to you. As a matter of fact, I think what we are saying is somewhat consistent with what you may have heard in other communities.

Instead, I want to try to deal with two issues that are current, I think, in this community. As some of you will know, I was born in this community and lived here and served as a local union president here and as a member of the local city council. As I was driving down here last night, I started to think about what has gone on in this community in the last 20 years. I think it points to an issue that I've been dealing with on a province-wide basis for the last number of years: the decimation of our industrial base. It is incredible in this town. You talk about the synergies between the universities and colleges and the low unemployment rate. You also need to know that I served some time as the chair of the local food bank. This is also a community with increasing poverty and a whole range of challenges.

I left a local high school here a little bit early, somewhat quickly, a long time ago. I got on a bus, and I applied at six plants in this community. I ultimately picked the BF Goodrich tire plant because it paid \$3.40 an hour and was the highest. Had I gone to any of the other five, those plants are all gone today. I don't have to tell you. You heard yesterday about the situation in Hamilton around Stelco.

I want to suggest to you that Sault Ste Marie, Sturgeon Falls and communities right across this province are facing a real challenge. You will hear some say that it's really all about taxes and people will locate their plants here because of taxes. You've heard about the auto policy.

I want to suggest to you that it's also about the kind of economy and society we have. Building an industrial base and an industrial strategy, while things like auto policy are important, an industrial policy that talks about a health care system that's efficient and works for people means a lot. I can tell you that, by far, the biggest reason you see strikes in the United States is around health care costs and legacy costs for retirees. Education, training

and housing play a role in the kinds of communities we have and whether we're going to have an industrial base in a community. I want you to think of those kinds of issues in the context of the challenges we face in ensuring we have a strong social infrastructure.

The other issue, which will not surprise you—and I want to try to leave some time for questions—is these bizarre statements coming out of Queen's Park yesterday. From what I can gather, the Premier and Gerry Phillips, in a scrum, for whatever bizarre reason, failed to rule out so-called Dalton days or wage freezes. Frankly, in doing so, they infer that the government is not ruling out interfering in free collective bargaining. I know there is a former Minister of Labour here, whom I certainly did not get along well with in the government, or some other people, but they certainly did—

Interjection.

Mr Samuelson: —I certainly wouldn't refer to you, John—involve themselves in free collective bargaining.

Let me be clear, it's not uncommon for an employer to say, "We have no money." Right? As a matter of fact, I can't remember the last employer who said, "Oh, Jeez, we've got lots of money. We can't wait to bargain." It's no surprise that workers would say they think they deserve more, and they probably do. But to start bargaining off by leaving on the table the suggestion that there could be legislation is absolutely ridiculous. I don't think those people who are sitting over here with the Liberal Party ran in the last election with the view that that's how you were going to deal with the finances of the province. I know that if a motion was made at this committee that said you were not going to betray the trust that people gave to you and interfere with free collective bargaining, you'd all support it.

Mr Prue: I'll make the motion then.

Mr Samuelson: I've got to tell you that it leads to the failed policies we've seen from various political parties over the last two decades in this country, and that is putting the blame or the suggestion that the problems we face are because of workers and their salaries. It's absolutely ridiculous. I can't help but point to the hypocrisy of this coming out of the Ontario Legislature, which tried to vote themselves a 25% increase not all that long ago.

I have to suggest to you that anything you can do to convince the Premier to have some commitment to the cornerstone of democracy, which is free collective bargaining, would be, I think, in your best interests and would remove from the table a whole lot of unnecessary conflict.

I know you will notice in our brief that we do call for some increase on the revenue side in tax increases. But you will also notice that, unlike we may have done in the past when we've suggested these increases should come from people we've never met, we actually recognize that because the cuts on the revenue side have been so dramatic, unless there's a real debate around recovering some of those tax increases, there is no way you are even going to be close to living up to your commitment to rebuild public services. I'm going to stop now, Mr Chair,

because I know there will be some interesting questions from the panel.

0950

The Chair: Thank you. We have about four minutes per party for questions, and we begin with the government and Mr Peterson.

Mr Tim Peterson (Mississauga South): You live in a city that has been able to make the transition from old-world economies to the brand new economies. I think of RIM and the other high-tech companies that have done a fabulous job at developing and sustaining export business and transferring people to the new economic realities. But there are still a lot of people who are only employable in the older economies. We had other labour groups suggesting to us that the free trade agreement has made them extremely subject to the low labour rates of China and Mexico. Do you have any sense of whether that is a factor in terms of the people who were once employed here in the knitting mills and the woodworking mills?

Mr Samuelson: It certainly is. I should tell you that I no longer live here, although my family still lives here. I now live in the great city of Toronto. However, I do know a lot about this community and I know a lot about

that issue.

During that debate in the early 1980s, I was president of the labour council here and the president of the local union at the tire factory. I can remember many debates, with the employer community arguing how this free trade agreement would lead to more jobs in the manufacturing companies and this plant. There is probably about 60% as many jobs in the tire industry in this town now. Those plants have moved to other countries. Drive into Cambridge. Cambridge was a famous centre, frankly, in the shoe industry, other industries. All gone.

Clearly, I could point to trade policies that have gone on at the federal level. I don't know if that's a debate that we need to have right now. I think we need to look at what we're going to do. We need to figure out ways to bring people to the table to look at what the factors are when it comes to an industrial policy. Some of it has to do with making sure the plants are attracted here. Some suggest some kind of financial incentives. I think the whole role of our social safety net is important. I think getting people at a table to develop an industrial strategy—many countries in the world have industrial strategies that look at how you maintain these plants.

You refer to them as "old" jobs and "new" jobs. My point of view is that they were high-paying, good, long-time, secure jobs. The plant I worked in, which luckily is still here, has probably an average age of somewhere in the 40s—those people have raised kids in this community—and provided a pretty sound, secure employment; any of those other plants that have gone would have too. Those people may still be in this community. My guess is that many of them are working for half the salary in some kind of service sector job.

Mr Peterson: When I said "old" jobs and "new," I meant old economy and new economy jobs, the higher technology. A previous person from the labour area said

to us that manufacturing jobs were much higher paying than the new high-technology jobs. Do you have any experience with that?

Mr Samuelson: In this community, Uniroyal Goodrich, 1,300 good-paying jobs; Marsland Engineering, 1,400 good-paying jobs. Budd Canada employs today half of what they did 15 or 20 years ago. Lear Siegler had plants all over this community: union, good-paying, solid jobs. They're probably down to around 1,000. I worked at Electrohome for a summer when I was a kid, at plant 6; a huge employer, gone. Those were good-paying, long-term jobs that were there for many generations, frankly. It's no longer like that, and I think we need to try to do things to make sure we keep those plants there and we encourage those plants to come, because they provide stability. There are whole neighbourhoods in this province where generations of people worked in plants in that area and built those communities.

Mr Peterson: What are two or three most revealing

factors to losing those?

The Chair: Thank you. We'll move to the official opposition.

Mr John O'Toole (Durham): Thank you, Wayne. Good to see you. I hope you enjoyed your time in Timmins. Anyway, we did.

Mr Samuelson: Yes, Timmins was wonderful.

Mr O'Toole: I just want to put a couple of things to rest. I've been very supportive in all the destinations of the finance and economic affairs pre-budget consultations of the paper submitted by Hugh Mackenzie, which I'm sure you're familiar with. You may have helped him write it. But he unmasks and disrobes the—I hate to use the word "deception"—

Mr Samuelson: No, I know you wouldn't do that.

Mr O'Toole: —but I will. Their promises, the 231 promises, amounted to about \$6 billion, all the time knowing there was a \$5-billion hangover of some sort. That may or may not be the case, so I'd encourage everyone to read Ontario Chose Change, the alternative budget issue, because he actually has some very good arguments—not that I agree with him totally, but he does tell the truth.

What also needs to be on the record clearly is, when you said there has been a loss of revenue—we've heard it from almost all the labour councils—I want to report to you that in their document—it's not ours; it's theirs, so it's got to be honest, I think—in 1994-95, the revenue at that time was \$46 billion. The revenue outlook for 2003-04 is \$69 billion. That's an increase of \$23 billion in revenue. So the revenue isn't down \$13 billion; it's up \$23 billion. That's where the whole issue of proper tax policy is so important if you're going to grow the economy.

Bob Rae, a good friend of yours—I know you worked with him; maybe you worked too hard for him, because he's not here any more. But I guess the key is that, quite honestly, there's a relationship: He raised the taxes and he reduced the revenue. So you've got to follow this.

The program spending has actually increased from \$44 billion to \$62 billion. That's up \$18 billion in pro-

gram spending. If you read the clippings in the papers the last few days, health is up \$10 billion. Now, whether it's doing the job is up to them to decide.

My question to you is, I was there yesterday when Dalton's mouth was moving but Bob Rae's voice was coming out on Dalton days. We saw that; it's true. It was like a puppet. Bob Rae tried to get the labour movement of Ontario onside. It was a pivotal point in history, and arguably the end of the NDP. But the social contract was a tough pill to swallow. He tried to get you and other leaders—Gord Wilson, Sid Ryan, Leah Casselman and the rest of them—around the table.

Of \$70 billion, 80% of it is wages and benefits, Wayne; 80% of all the money, whether it's us or the municipalities or the hospitals, the universities, the schools, is wages and benefits. What choice does he have to hold the line, outside of dealing with the whole bundle of wages and benefits? I'm not saying whether it should be up or down or frozen. What choice does he have? What else could he do?

There were 231 promises. There's one there, the signing, the big photo op with the taxpayers where he signed this "I will not"—remember the TV ad? "I'm not going to raise your taxes, but I'm not lowering them either." What theatre.

What choice does he have, going forward, to balance the budget as he promised? What choice does he have?

Interjections.

The Chair: Order. Order in the room, please.

Mr Samuelson: I must say, when I come back to this committee, it's so enlightening to listen to Mr O'Toole. His observations are always interesting. I'm especially struck by his new-found commitment to progressive people like Hugh Mackenzie.

I should indicate to the committee that I think the suggestion that somehow comparing simply the revenue side without looking at the expenditure side, the growth in population and all of those issues, is somewhat simplistic, and I think most people on the committee recognize that. The fact of the matter is that on the revenue side, the previous government took too much out. You don't have to take my word for it. Go to Walkerton. Talk to the people who drove around in the back of ambulances in the city of Toronto. Go across the street to the House of Friendship. Go up the street to the food bank. Talk to people there. They'll know it. So I think it's a bit simplistic, but I do respect you for trying to enlighten all of us. I look forward to it.

The Chair: Thank you. We'll move to the NDP and Mr Prue.

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Mr Prue: I'm going to try to get three or four questions in here.

The first one is the decimation of the industrial base. Canada probably has fared better than some countries but not as well as others in protecting its industrial base. But where I see the most successful countries is where the countries themselves go out and try to bring in new industry, bring in new commerce, and they take a share.

Quebec is doing that—taking a share. When they're putting up the capital or the guarantee, they take a share of that. Do you think that Ontario should adopt a similar policy?

Mr Samuelson: I think Ontario needs to be aggressive in this. Believe it or not—this may surprise you, as a union kind of guy-in the early 1980s I served on economic development when I was a municipal politician. I did some work trying to get companies to relocate or locate here in Kitchener. There are all kinds of things that have changed in the last 20 years. The reason I raise it is because as I was driving down here last night I called a friend who had been here and had worked in one of these factories and been laid off. He's been trying to find a job and had gone from service job to service job-48 years old. I deal with it every day. I get calls at my office from around the province, where I've got to go and try and help unions, believe it or not, secure venture capital funding to keep operations open. We have a little bit of a period of calm in the province, depending on where the Premier goes with this stuff he said yesterday. I think all the players need to start to work on this. We need to get ahead of this one because we're losing those plants. Many countries do this.

I also make the argument that our social infrastructure is an important part of it. There is a major tire factory here. There's bargaining going on right now with the major tire industries in the States. The number one issue is legacy costs for retirees, especially because of their health care system and health care. So we need to protect those and build on them for seniors to protect us in our competitive advantage.

Frankly, we need to get training on to the front of the agenda. We need to all get at a table and roll up our sleeves and start to get serious about this.

Mr Prue: My second question has to do with collective bargaining, but it's not so much a question; it's just a reminder. Although most of the members of the previous House voted for 25%, it was rescinded, but what wasn't rescinded is that on April 1 we all get another 3%. Do you think, if we can get 3%, that is a good starting point for the members of the Ontario civil service?

Mr Samuelson: I would actually go the other way. It's interesting you would say that. I've looked at your salaries since 1995, and frankly you haven't done bad. I think you took a little bit of a freeze there for a couple of years but you've received salary increases, a restructuring. If people on social assistance who suffered a 21% cut had gotten the salary increase you did, they'd probably be able to feed their kids much better.

Mrs Elizabeth Witmer (Kitchener-Waterloo): We didn't get it.

Mr Prue: Not the 25%, but we're getting 3%.

Mr Samuelson: You didn't get 25% but you've been getting increases since 1995.

Anyway, my point is, if you look at the salary increases over the last 10 years in the public sector and the private sector, they've been about equal, with a period where they were much lower in the early 1990s,

for reasons you all know about. But they've been consistent with inflation and they've been consistent between the private sector and the public sector. Frankly, to go out there and make these kinds of statements and not be willing to make it absolutely clear that you're prepared to sit down and bargain the way the previous government did—I would hope a little bit more respectfully. But certainly, as I indicated when Mrs Witmer was out of the room, at least the previous government, with all the problems we had, bargained and didn't bring in the kinds of legislation we've seen in other parts of the country. I think it feeds into the suggestion that all of the problems of the government's finances are because a nurse is trying to get inflationary protection in her wage package. Basically, looking at the history, that's been where the settlements have been for quite some time.

The Chair: Thank you for your presentation this morning.

INTERFAITH SOCIAL ASSISTANCE REFORM COALITION

The Chair: I call on the Interfaith Social Assistance Reform Coalition.

Rev David Pfrimmer: Thank you very much. Welcome to Kitchener. It's nice to see you here again. My name is David Pfrimmer, and with me is Brice Balmer. We're with the Interfaith Social Assistance Reform Coalition.

We're here today to participate in what we hope will be a truly open and full debate about the future of public services in Ontario. That debate cannot happen without looking at both the revenue and expenditure side. To date, the debate has been restricted by the government's insistence that it would not raise taxes.

During 2003, ISARC, in partnership with community organizations, conducted a community-based social audit in some 13 centres across Ontario that involved over 1,500 people. I might just say, there is a correction in the appendix to this, where it mentions 1,200—that was a typographical error. This audit reviewed the situation facing low-income people and the agencies that serve them. Special "rapporteurs" visited each of these communities and listened to the testimony of those affected by provincial policies and their ideas on how to improve life for the neediest and too easily forgotten people in our communities. The testimonies and full set of recommendations will be released this spring with the publication of Lives in the Balance: The Report of the ISARC Community-Based Social Audit 2003.

Rev Brice Balmer: We would like to affirm some of the actions taken by the current government recently. It was very important to us that the end of the lifetime ban against welfare recipients was stricken; that there's been a modest increase in the minimum wage to \$7.15 an hour on February 1 and to over \$8 an hour hopefully in the next four years; and that \$9.7 million in funding was given to not-for-profit child care centres and also to make

sure the child care centre people tell us that \$9.7-million increase in funding is actually going to daycares.

These all represent very important first steps. While important, much more is required to address the misery and hardship facing so many of our Ontario people.

Rev Pfrimmer: We have attached The ISARC Priorities for Action 2003-2004, which includes many details of the further recommendations from our audit process. Today we wish to very briefly highlight just some of the issues of immediate concern based upon the testimony and recommendations made at those sessions.

(1) Since 1995 there has been no increase in assistance rates for those on Ontario Works and Ontario disability support program. Inflation has eroded the purchasing power of these benefits by 35% to 45% and rental rates have soared, creating a desperate situation. OW and ODSP rates must be raised substantially, and further increases should be made annually.

(2) Lack of access to affordable and safe housing is a major cause of homelessness and poverty in Ontario. The provincial government should establish a housing ministry and develop a provincial housing strategy to ensure people have a place to call home. Second, the provincial government should immediately proceed with the pilot projects already approved using federal monies already designated for affordable housing.

(3) Public stewardship recognizes the need to address the \$5.6-billion financial deficit. Public responsibility, though, requires that the government review all its policies, including their election promise not to increase taxes, before undertaking the very actions they campaigned against in the 2003 election. ISARC supports proposals by the Ontario alternative budget process for increasing government revenues by \$3.5 billion to \$4 billion. We think it would be irresponsible to ask lowincome people, children, and those relying on our health care system to shoulder responsibility for the deficit. Public services in Ontario are in desperate need of rebuilding. More cuts are simply not possible. The people of Ontario understand this. Therefore, the public debate must include increasing government revenues, not just cutting expenditures. Many people in Ontario are willing to pay the OAB's estimated \$2.50 per week to ensure the well-being of all people. Such revenue increases should be accompanied by a social audit to ensure an improved quality of life for all Ontarians.

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Rev Balmer: We are also deeply concerned about the ability of charitable organizations to meet the continuing demands to respond to the needs of people. Without being overly dramatic, many of these organizations have struggled to keep pace with the demands for their services in very difficult circumstances over the past nine years.

We agree that investing in the social sector is an effective and important measure to improve the quality of life for our communities. We need to ensure that these voluntary organizations are supported and recognized for their important contribution. We need to talk about the

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very best ways to proceed. We are also aware of the difficult choices you face. We thank you for your willingness to serve in public office and we assure you of our prayers from our communities.

Rev Pfrimmer: Thank you very much. We are now open for your questions.

The Chair: Thank you. We have about four minutes per caucus, and this rotation, we begin with the official opposition.

Mrs Witmer: Thank you very much, David and Brice. I know that you and the coalition have done a lot in our local community to raise awareness of the need to help those individuals who are suffering from hunger and poverty and homelessness. I appreciate what you've done and what others have done.

I take a look here at what you're affirming to have happened by the government. Then you've got some recommendations here. I'd like to focus on the housing. In fact, as I look at what you're saying, I would agree with you. There is a need to increase the rates for people on Ontario Works and disability. I also agree that we need to do more to make sure that we have decent housing for individuals.

How do you think the government should move forward? We heard from the regional chair that there are about 1,000 housing units under construction at the present time, but that we need 4,000. What can we do? Because I do agree that this is an urgent need. People need homes.

Rev Balmer: I think there are several ways we can approach it. One is that we can increase the shelter allowances under the Ministry of Community and Social Services. I think our regional chairperson has said, and I think he would be an example of other places in local government that—when you have rents in the Waterloo region that are \$1,000 a month for a one-bedroom apartment and \$1,500 a month for a new two-bedroom apartment, and then you have families who need three-and four-bedroom apartments, you just can't subsidize \$1,000 a month per family.

So we have a crisis in terms of how we get the shelter allowances up there, but I think we need to work at increasing shelter allowances so people have a fair shot. I think it'd be good if they were regionally adjusted with Canadian Mortgage and Housing rates, so that Woodstock or Ottawa or Toronto or Kitchener or North Bay would probably all have different average rental rates. So we need to help people individually to have the money to do it.

The second thing I hope happens is that the province not only takes the federal money and passes it through to regions that are ready to go, but that they also match the federal money and that we do have enough money here.

One of the things I think that's very important to note—that's why we talk a lot about the voluntary sector—is that the faith community in this region has raised well over \$1 million or \$1.5 million just to put together the units that we have ready to go or are being built. So I think, in fact, it's probably several million

dollars, because we have to take federal money and very, very little provincial money, and then lots of regional money and charitable money to put up these housing—but I think we need to have housing of all kinds that is affordable for people, as well as increase shelter allowances.

Rev Pfrimmer: I'd just also say that there's some more detail in the appendix, which is our priorities for action, which gives some ideas, because our experience has been that no one strategy is going to do it all. But the provincial government does need to take the lead and mobilize the amounts of capital necessary to build affordable housing, and also, on the other side, to look at some kind of rent control so that it doesn't merely flow through to landlords who raise rents. This was a common kind of problem that some of the people who testified at the audit told us of.

Rev Balmer: I think one of the things that we're asking is that housing actually be a very high priority and that it be under one ministry. Right now, it's under at least four ministries: Health and Long-Term Care, Comsoc, Municipal Affairs and Housing, and Public Infrastructure. So to have it spread out all over, do we really get a fair shot?

The Chair: Thank you, and we'll move to the NDP. Mr Prue: I'm going to try to get three questions in.

First, we heard from several presenters that the single best thing we can do for people on ODSP and for those on Ontario Works, for families with children, is to immediately end the clawback. Could you comment on that? If this government can only do one thing, do you agree that the single best thing we can do for children, at least those on social assistance, is to end the clawback and let them keep the federal money?

Rev Balmer: My concern, Michael, would be that at the end of the day families with children have more money, more buying power. What's happened is that because we have a clawback, those who are on social assistance get worse off and worse off and don't have any economic stability. It's going to take a lot of negotiation between the regions and the province, because we have some support services here that are now funded by NCB monies, and some of us need those community support monies for core funding and the voluntary sector. My major concern is that if you're a low-income mom or dad, or mom and dad, what you need right now is a lot more buying power. People on social assistance and ODSP have not had any increase for nine years.

Rev Pfrimmer: There's one other thing, though—it's also in the appendix—and that is regarding the allowances of what people can earn and what they can have and around houses. These are not monetary transfers but these are very important things that have been very punitive to people. Those are very important too.

Mr Prue: Anne Golden, in her report dealing with poverty, suggested that there should be variable rates and that the welfare component, the ODSP component, should include at least 85% of the average cost or the median cost of housing in a particular community. Would

you agree with that? That would set different rates across Ontario.

Rev Balmer: I think I answered that when I answered Elizabeth's question. The rates for shelter allowances ought to be adjusted based on the real rents in each of the regions, and 85% sounds fair.

Mr Prue: I'm just going through all your stuff here. "ISARC supports the provincial government's intention to proceed with implementing real rent control." In fact, the Liberal platform said that rent control would be lifted when vacancy rates went above 3%. Do you think they should abandon at least that part of their platform so rent controls are kept in place, even in instances where vacancies go above 3%? Quite frankly, we're seeing, at least in Toronto, that the vacancies are primarily in those apartments and townhomes that rent between \$1,500 and \$2,000 a month. There is no vacancy rate at all at the \$800 and \$900 level.

Rev Pfrimmer: I think we do need to take a more serious look at rent control in terms of how people have access to affordable housing, particularly more accessible and affordable housing. What we were saying in terms of the hearings and what we heard at the audit was that people said there needs to be some control on this. The actual details need to be worked out a little more clearly.

You're probably very right, that if it's merely because there's a lot of high-end housing available, that's not going to help low-income people. That's part of what the social audit is all about. I think the Liberal Party supported this when they were in opposition, that they would monitor the impact of these policies and say, "Yes, they're doing what we want them to do." So you're right, we do need to take a look at this in a little more detail. It may not be feasible the way it's proposed. But I do think we need some assurances that people can get access and that they won't get their rents raised so their houses are taken from them.

Mr Prue: Do I have more time?

The Chair: No. We'll move to the government.

Mr John Milloy (Kitchener Centre): I want to thank you for your presentation today and pick up on your conclusion, where you talk about the voluntary sector and how much they've suffered over the past several years.

We've had the benefit of meeting many times, being a local organization. I want to pick up on a theme we've discussed, and that is the whole issue of funding of voluntary organizations. One of the criticisms I've heard of the present system is that so many of these organizations have to go for their so-called one-time-only grants and they spend their whole life trying to come up with a new public relations or promotion scheme, a new initiative, a new case study or a new pilot project so they can get money just to keep going. I wanted to ask you to comment a bit on that, but at the same time to challenge you to put yourself in the government's shoes here, in that if that model isn't working, and I'm hearing that consistently across the board, how does one bring in a better model? It becomes a matter that if you spend a dollar, then that dollar is spent every single year if it's

given to a certain voluntary group, and you start to see duplication and new groups coming forward. I've been struggling myself, when I've met with groups like yours, with ways in which a government could better deal with this so you don't spend all your time trying to come up with study number 322.

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Rev Balmer: The project I would be most familiar with, which goes along with some of the priorities of this government but is also an innovative project here in the Waterloo region, is the restorative justice approach to elder abuse, which initially had Trillium funding. Then it went to get Trillium funding again through emphasizing the multicultural work we've done to get elder abuse questions into the multicultural community. Now it's up again for another Trillium grant to rewrite the whole thing. How do we do restorative justice again?

The restorative justice approach to elder abuse is a basic service needed in the Waterloo region so that we do not use police dollars and do not use social service and health care dollars, and we solve problems in a whole new way and also make families more stable. What happens is that we constantly drift back and forth and are writing all kinds of programs.

The same thing happens in community centres. How do we want to have healthy, viable neighbourhoods with a community centre and help people break the cycle of poverty? It seems to me that is a function that needs to be a part of the whole community to do. It's not a function that's going to be here today and gone tomorrow. What some of the people I work with are constantly doing is writing a summer grant and then writing a grant for people to use the computers. Then after a while, we have the computers but we don't have any people to train the people to use the computers, so then again we're trying to write another grant to use the computers. We have an established service in the community and we can't keep it going. We can't help people move forward and help the community centres actually service the community and help people break the cycle of poverty. That's the kind of struggle we're in.

There have been several national studies, I think three—and I can give them to you later, John—that have shown that voluntary services are losing some of the morale and the highly qualified people working for them; that there's drift in terms of their organizational mandate. Many of these voluntary organizations are closing down because they don't have the dollars and can't keep up this kind of game we're playing.

How do we solve that? I think we need a major consultation, not just with the provincial government but also with the United Ways and with regional and federal governments, about how do we actually maintain the essential community services we need to make sure that people are healthy and that our communities have viability? We can do things in the voluntary sector that cost the government a lot more to do if you have to do it with government workers, because we get volunteers and we get all kinds of people energized. How do we keep

that viability in the community? It's been one of Canada's strengths. We're in danger at this point, and I don't know how to—

Rev Pfrimmer: One of the studies that Brice is referring to is the voluntary sector round table that's taken place at the federal level, and I'd commend it to you to take a look at.

One of the things we need to remember is that we need to invest—there's a lot of talk about public-private partnerships. I think the outcomes of these are very dubious, and we've seen that some of these things have been colossal disasters. But one of the things that Canada has a long history in is public-voluntary sector partnerships that have worked very well and have in fact delivered a tremendous amount of services. The idea that the state, for example, has to deliver all the services is not true now; it's changed. There's a very vibrant voluntary sector, and the voluntary sector is in effect a creator of jobs. It creates wealth in communities. It does a whole lot of things. It's not a net economic drain.

What would probably be useful is to have a broader discussion within Ontario about what role the civil society sector, the voluntary sector, can play in this regard; looking at what core funding is needed, because a lot of the core funding that went to these groups has been eliminated, as you say, and we went to project funding, which means you chase dollars; and as well, what role those organizations have in fundraising in their own communities, as you look at what's been done in hospitals and elsewhere, because people do donate to causes. How can we look at those three aspects, that they come together in a sustainable way for many of these organizations that are so crucial to our communities?

The Chair: Thank you for your presentation. If there is any information requested or that you want to give to a member, I would ask that you give it to the clerk so that all members can share in that same information.

GREATER KITCHENER WATERLOO CHAMBER OF COMMERCE

The Chair: I call on the Greater Kitchener Waterloo Chamber of Commerce. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you wish. I would ask you to state your names for the purposes of our recording Hansard.

Dr Scott Carson: Good morning. My name is Scott Carson. I'm the chair of the Greater Kitchener Waterloo Chamber of Commerce and dean of the school of business and economics at Wilfrid Laurier University. I'm joined today by Todd Letts to my right, who is the president of the Greater Kitchener Waterloo Chamber of Commerce, and Linda Korgemets to my left, who is the chair of our federal and provincial affairs committee. Linda is the senior manager of taxation for PricewaterhouseCoopers.

We have provided you with a copy of our submission, and a summary of the recommendations is found on page 4. Today's submission is essentially comprised of three

parts. I will provide an overview context of the strength of our local economy and its contribution to Ontario's economic health, Todd will outline the specific actions the provincial government can take so that the greater K-W area can further boost Ontario's economy, and Linda will outline the key fiscal parameters needed to ensure a strong foundation for future economic growth.

Let me begin by stating that as Ontario's secondlargest chamber of commerce, the Greater Kitchener Waterloo Chamber of Commerce serves more than 1,650 members, representing all sectors of the business community. Our membership includes small, medium and large employers who provide over 55,000 jobs in one of Ontario's most progressive and economically productive regions.

Our key message to you today is that the greater Kitchener-Waterloo area is playing a vital role in both the economic and social health of Ontario and, with a few key actions that will start with the 2004 budget, the greater Kitchener-Waterloo area can even further boost the health and prosperity of our province.

The results of some recent studies provide the context that illustrates this point. The greater Kitchener-Waterloo area, with a labour force now numbering more than 270,000, is an important engine fuelling Ontario's economy. With a regional GDP of \$16 billion, it is interesting to note that this area contributes almost \$1 billion more annually in provincial and federal taxes than it receives by way of provincial and federal transfers.

Waterloo region's economic prosperity is a key contributor to the province's overall health. In a report published by the conference board, it was noted that the region is one of the premier leaders for economic growth in Canada. In fact, with a population of almost half a million, Waterloo region is one of the fastest-growing urban regions and it now ranks as the 10th largest census metropolitan area in Canada.

Recognized as one of the three pre-eminent technology centres in Canada, the region boasts more than 450 high-tech enterprises. Key firms include Research in Motion, Open Text, Descartes and many others.

Not only a high-tech centre, Waterloo region has a very diversified economy. In terms of education, our local economy is home to two outstanding universities and Ontario's number-one-ranked college. In insurance, the head offices of Clarica, Manulife, Equitable Life, Economical Life and other important firms make our region an important insurance and financial services centre. In terms of auto, the region is home to Toyota's Canadian operations and more than 270 auto and transportation-related companies. In food manufacturing, with companies like Schneiders, Pillers and Dare Cookies, it is also a key industrial sector.

Through Oktoberfest, the Elmira Maple Syrup Festival and its many community festivals, Waterloo region's tourism economy is also very vibrant. St Jacobs Country, one of Ontario's finest tourism destinations, welcomes more than three million visitors each year.

Notwithstanding the challenges facing the province in establishing priorities for the 2004 budget, the Greater

Kitchener Waterloo Chamber of Commerce is confident that a plan of strategic investment in municipal and provincial infrastructure, health care and skills training, combined with prudent fiscal programming in this year's budget, will set Ontario on a rejuvenated course of prosperity.

I'd now like to ask Todd to elaborate on how specific initiatives in this year's budget can help our region further boost Ontario's economy.

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Mr Todd Letts: One of the key areas of interest and concern of the business community of the greater Kitchener-Waterloo region has been the reports and great research that the province's Institute for Competitiveness and Prosperity has been undertaking. One of the areas of concern in the report says that although Ontario is doing very well internationally, benchmarked against other countries, when we benchmark ourselves against peer groups in North America, in fact we rank 13th or 14th out of 16 comparable states. What that means to you and I and the citizens of Ontario is that families here, households, have a prosperity gap of approximately \$10,000 less in disposable income in Ontario compared to our peer group in the United States.

This fact has been something that the business community has really spent a lot of time on in the last year. We formed a prosperity council to take a look at what initiatives we can take to address that prosperity gap. Just in terms of context for you, not only are there benefits for individual families in addressing this, but if we were to close that gap, it would generate an additional \$11 billion in provincial tax revenue and about \$13 billion to the feds.

In that context, our recommendations today—and as Scott mentioned, this region is a net contributor to Ontario and Canada, and we want to ensure that that continues and that we can contribute more to the needs of our province.

One way that you can help in the 2004 budget is an emphasis on regional infrastructure investments, investing in municipal competitiveness, such as pipes, sewer extensions etc. The government's promise in the past election to assist municipalities, in particular older municipalities, is something that's very welcome.

As well, on the transportation infrastructure, more specifically, budgeting for and implementing construction of the new Highway 7, the link between Guelph and Kitchener-Waterloo is very important. We have over 11,000 daily trips from K-W to Guelph and almost 8,000 from Guelph to K-W, all in this one narrow strip. Not only is having that investment in a new alternative route good for the economy in terms of mitigating lost productivity and the flow of goods, but also there have been a number of fatalities; it's a dangerous strip. We certainly encourage the province to budget for that highway, that new alternative route, as soon as possible.

There is a strong link to Toronto in this region, and establishing GO Transit, extending it 16 kilometres, from Milton to Cambridge, is also something that we strongly

recommend. It will have a big impact on reducing 401 congestion.

As you are probably aware and heard from the regional chair this morning, we have an LRT proposal in front of both the federal government and the province. We have a unique opportunity here in that we have the most contiguous, longest central transit corridor in Canada. Through a tripartite agreement with the feds, the province and local governments, a one-time investment of \$87 million could have a very high return on investment for this community, as we've seen in other communities across North America that have adopted this mode of transit.

Employment lands: Respecting our environment, reclaiming some of the core area employment lands is something that's very important as well, ensuring that the amendments that are occurring to the four or five acts associated with brownfields legislation is also very important. Backing that up with perhaps pilot projects so that we can learn efficiencies here in Ontario and how to develop brownfields I think would also be a very good use of investment for this year's budget.

Perhaps one of the biggest opportunities in terms of intergovernmental relations is the importance this community puts on skills development and the need for Ontario to have a labour market development agreement with the federal government. We are the only province in the federation that does not have a labour market development agreement with the feds. What that means is that we're not sure we're getting our fair share of federal dollars for skills training and we're not sure it is being adequately appropriated toward new machinists, new plumbers etc, focusing on outcomes. Without an agreement, without the strategic context, the distribution of these federal dollars is more dependent upon the discretion of local MPs. Given that we have governments of the same stripe now provincially and federally, we hope this is an area that we can see agreement on relatively quickly. It would mean about an additional \$20 million in investment in skills funding to our community, from our

Improving Canada-US border infrastructure is very important. More than \$8 billion is exported from this region. Huron Church Road improvements and alternative crossings are very important to this economy and developing a competitive provincial auto strategy working with the federal government. Again, insuring that we have an attractive environment to attract OEMs and suppliers is something that's very important. We have over 270 auto- and transportation-related firms in Waterloo region. That's very core to the future success of our economy.

With future recommendations with respect to the fiscal foundation, I'd like to call on Linda Korgemets to provide her recommendations in that regard.

Ms Linda Korgemets: Thank you, Todd, and good morning. So it's all about money, isn't it? Where does the money come from for all of these things? First of all, as a chamber, we are very firmly behind running a

balanced budget. We've said this to the previous government and will continue to say this to this government.

We recognize that in the current year we're in, which is a year of transition between governments, there will most likely be a deficit. We know there are big numbers out in the media, from the previous auditor of what this deficit could be. We'll wait and see what the current year results are, but, as a chamber, we do not want to be in a deficit in the next financial year. What we're saying is, in the current year we're in, a deficit is acceptable under the circumstances, but you've got to get your act together next year.

How do you achieve a balanced budget? Interesting question. Let's talk about how you don't achieve it. You don't raise taxes-that's this chamber's view-and you don't borrow. So where do you go, if you don't do those two things? You are going to have to look really hard and long at your spending envelope, and you're going to have to reallocate monies within that envelope. I don't know how to do that, and I don't think the chamber necessarily knows how to do that, but we're hoping the people in fiscal responsibility of the government know how to do that. It's a matter of looking at inefficient expenditure and almost going back to basics and saying, "Where is our money making a difference, and where is it not making a difference?" That's a huge task, but we truly believe that the only way we're going to get more dollars allocated to things like health, more dollars allocated to things like municipal infrastructure and brownfield development—employment lands—is by going back into the existing envelopes and saying, "What aren't we doing well? What do we really need to focus on? What are our core priorities? Do we sell assets?" We don't address this in our submission. I know that there are town hall meetings coming up where this will be addressed. We'll be participating in those. The bottom line is: no increase in taxes, no borrowing.

Once the budget is balanced again—we will get in balance, and we know that we will—spending increases have to be severely limited to growth in inflation and growth in population. We just can't have 8% expenditure increases year after year. We have to be looking at expenditure increases, when we're in a surplus, of about 3% to be viable.

One of the most important things that we spend money on in this community and this province is health care. It attracts a lot of interest. We have three points we want to raise on health care. We believe that money could be saved in health care if we could determine how to more efficiently deliver the product. How do we do that? We believe that doctors aren't necessarily to be the gate-keepers to the system. We believe there are other alternative medical practitioners, nurse practitioners, nurses, physiotherapists and alternative medicine providers who should be the first point of contact with a lot of people in the community when they are ill. That is a cheaper way than putting them through the doctor as the first point of contact or the hospital. I think a lot of people are using the emergency system, which is a very expensive system,

for things that should not ever be in emergency. They are just there because they are frustrated because they can't find a health practitioner to help them.

We need to address the physician shortage in this community. This chamber has been active in doing that, in attracting new doctors into the community. We also need to streamline and do more work on re-certifying foreign-trained doctors, of whom there are many in this community who cannot practise in their field.

We also are aware that the Ontario government has a goal of having more neurosurgical doctors in the province. Apparently, we are under-sourced by about 50 doctors in the province. Last month we had a great opportunity that could not be acted on quickly enough where this community, had we been able to secure the services of four neurosurgeons, who were very willing to practise in this area if the funding were available—they would have come here to use the already existing services at Grand River Hospital. We have a neurosurgical area in our existing hospital that's not being used. We need the resources, the doctors, to be able to expedite that service in this area, so we recommend that funding for these three to four doctors be provided for this area.

The next point is the debt reduction plan. Can we talk about that? We have to keep talking about it, right?

Mr Arnott: Yes.

Ms Korgemets: Yes. We spend \$9.7 billion on interest every year, and it will be higher.

Interjections.

Ms Korgemets: We'll take your questions later. You can't throw me off my pace here, guys.

We need a debt reduction plan, and obviously this is not going to be a short-term plan, but a medium- to long-term plan. We really challenge the government to take this under consideration and find a way in the future and take a leaf out of the federal government's book on getting the debt down. That frees up money from interest expense and gives you a kind of yearly annuity to spend more money on things that are strategic that you need money for. We have to get the debt down so we can get the interest costs down.

Let's be honest, demographics are not helping us in this. We are going into the baby boom retiring and fewer workers to support those of us who are retired. There is such a short window of opportunity demographically to deal with this debt burden for the future generation and we really do have to have that tabled as something that needs to be looked at.

Tax relief, personal and corporate: Is this the time to look at that? Not this year? Next year? Probably not. But as soon as we get into a surplus, we have to start thinking about what we use our surplus for. Yes, we'll spend more money, but we have to pay down debt and we have to think about bringing taxes down as well. You heard this from the Tax Executives Institute yesterday in their submission, and we support their view that capital taxes are non-competitive. They have to go away—the Ontario

capital tax. There is a slight reduction in capital taxes currently and that has stayed in the law, as I understand it, but those taxes have to be removed.

The Chair: You have about two minutes left.

Ms Korgemets: OK, we're doing well. I have half a page left. Thank you. Definitely, tax relief has to occur in the future when we can afford it.

Electricity—a big area, a big debt issue: What do we do? We need conservation. We need people to know that this is an area we can invest in, which means we have to go to a fair market value rate for hydro. We understand that you're doing that through this interim pricing, which we totally support. But we have to make sure we get to the fair market value of the resource, whatever that number is. That's what's going to attract investors into this area to give us alternate types of supply that we need so that we don't have brownouts, blackouts etc.

You're going to have low-income consumers who are going to have difficulty dealing with price increases, so you do have to find a way to rebate them so they are not at risk of not having this resource. They do need hydro.

At the same time, you have to bring in a conservation and education program so people understand what the limits are to the resource and how they can use less of it and still live a good life.

There are recommendations out in the public domain from the electricity conservation and supply task force to review the mandates of all the participants in hydro, which are the IMO, the Ontario Energy Board, the Ontario Power Generation group and Hydro One. Those recommendations should be acted on. Similarly, there are recommendations out there on how to get Pickering operating properly at full capacity in a cost-effective and timely manner. Those recommendations should be acted on by this government. We really do have to deal with the problem, and it's unfortunate that the last government did not deal with this problem, because we're now sort of two years behind. Thank you. Questions?

The Chair: We don't have time for questions. You did very well using your 20 minutes, and the committee appreciates your presentation today.

HAMILTON AND DISTRICT LABOUR COUNCIL

The Chair: I would call on the Hamilton and District Labour Council. You have 20 minutes for your presentation. You may leave time for questions if you wish within that 20-minute period. I would ask you to state your names for the purposes of our recording Hansard.

Mr Wayne Marston: I'm Wayne Marston. I'm president of the Hamilton and District Labour Council.

Mr Bob Sutton: I'm Bob Sutton, vice-president of the labour council.

Mr Marston: Thank you very much. I just want to comment that it's nice to have some semblance of democracy back after eight long years. The Hamilton and District Labour Council, of which I'm president, has 102 affiliated local unions. There's a typo in our brief here.

It's over 35,000 members with their families that we represent in the Hamilton area. I prefer usually to just talk to people about things, but I'm going to go a little bit from the text. I'll drop in and out of it as we go.

Interiection.

Mr Marston: That's interesting. I guess I scared him off.

We are here today to participate in what we hope and expect will be a truly open and full debate about the future of public services in Ontario. That debate cannot happen without looking at both revenue and expenditures. To date, the debate has been restricted by the government's insistence that it would not raise taxes.

Public services in Ontario are in desperate need of rebuilding. More cuts are simply not possible. The people of Ontario understand this and they also accept it. They know they may have to pay higher taxes, taxes that will support better public services.

We are not prepared to base our submissions today on the assumption that the people of Ontario are not prepared to pay for better public services. We're also not prepared to base our submissions today on the assumption that every dollar more that we succeed in getting for public services in Hamilton is a dollar less for some other part of our community.

Under revenue generation, deficit and taxes:

We believe that the people of this province value public services and are prepared to pay for them. That was the change they thought they had voted for in this last election. They voted for an end of cuts, and new investments in the Liberal platform of \$5.9 billion toward services renewal.

If the government persists in its stated goals of eliminating the deficit next year and not raising taxes, it will not be able to deliver on its promises to renew those services. It simply will not add up. The previous government reduced our ability to pay for public services by nearly \$14 billion in annual revenue. Recovering as little as 25% of that amount would enable the government to deliver the services renewal it promised and balance the budget in the last year of its term in office. It can be done, the public would accept it, and it would put this province on the road toward a more healthy system of public services.

We urge you to consider ideas for revenue recovery that would enable the government to deliver on its promises to renew public services. We are not going to pretend that this is easy. And you are not going to hear from us that we can rebuild public services by getting someone else to pay.

Everyone in this province benefits from high-quality public services, and we believe that everyone in this province is prepared to pay their fair share.

The Ontario alternative budget has put forward a plan to raise an additional \$3.5 billion a year, maximizing the revenue we get from our current tax system by closing tax loopholes and tightening up tax enforcement, and recovering a portion of the revenue forgone in the eight years of Harris-Eves government income tax cuts. The

OAB estimates that an increase of only 2% in tax rates across the board would generate an additional \$1.25 billion in personal income taxes and \$200 million in corporate taxes.

This would recover approximately 10% of the revenue forgone through tax cuts. Closing loopholes in the corporate income tax and the employer health tax would generate almost \$2 billion more. Following up on studies by the Provincial Auditor on tax administration, the OAB estimates that the revenue from all taxes could be increased by at least 1% through better administration.

If everybody pays a modest amount, or if everybody pays their fair share, we can be on the road to recovery.

Of course, no one suggests that taxes be increased just for the sake of increasing taxes. There must be a benefit to the community.

The whole point of what we have to say here today is to get away from the idea promoted by the previous government that taxes are a burden imposed on us for no good reason. We pay taxes to buy good public services.

The case for increasing Ontario's revenues must be rooted in the need to renew our public services. We're here to talk to you about what that means to Hamilton.

Let's talk about health care. It's easy, when you're talking about the billions of dollars we spend on health care, to lose track of what it actually means to people. In Hamilton, cuts to home care have meant that seniors are not getting the support they need. The end result of this is seniors not having the support to remain in their own homes and having to go into long-term-care facilities much earlier than they should. This is at a far greater cost to the community, to our budget and to the seniors.

Under Canada's medicare system, hospitals and hospital services are paid for from the public purse regardless of their financing and ownership regimes. In our publicly funded health care system, the real question isn't who pays, but rather how much, and there is simply no justification for paying the additional costs associated with the so-called public-private partnership or P3 model. It has been estimated that such private models can be expected to cost at least 10% more than their public sector equivalents. So in addition to the evidence from other such experiments that suggests P3s would include a deterioration in hospital services and diminished accountability, Ontario simply cannot afford a private health care system. It puts the public too much at risk.

Before I go into the next part, which is education, I have to tell you that I also happen to be a school board trustee at the Hamilton-Wentworth District School Board. I'll just read from the text again.

People talk in the abstract about the billions involved province-wide in implementing the recommendations of the Rozanski report on education funding. According to the widely accepted analysis of education funding in Ontario conducted by the Canadian Centre for Policy Alternatives. the Hamilton-Wentworth District School Board, in 2003-04, was \$34.1 million short in funding compared with what was recommended in the Rozanski

report. The Hamilton-Wentworth separate school board had a \$20-million shortfall. That's \$644 per student in the public system: \$712 in the private system.

The trustees of the Hamilton-Wentworth District School Board found the shortfall so untenable that they passed a deficit budget in violation of the Education Act. The school boards in Toronto and Ottawa felt compelled by their funding shortfalls to take similar action.

Before I read, this is a point I want to state for the record. It is stated many times in Hamilton that the school board could not balance its budget. Let's be very clear: We chose not to balance our budget. We chose that because we would have had to cut too many teachers, too many educational assistants, and it wasn't tenable to us to do that.

Interjection: You broke the law. **The Chair:** Order. You may continue.

Mr Marston: The compliance budget rejected by Hamilton trustees was for some \$363 million. We had recommended in excess of \$380 million, which was what was needed. Lo and behold, under the stewardship of the government-appointed supervisor, the actual expenditures of our school board were in excess of \$380 million, as we said they needed to be. That was confirmed by the government of the day because they gave them the money.

I'd better relax just a little bit.

As far as your comment about breaking the law: There are some times in this world, for people who are ill or for children, that you will have to do those kinds of things, especially when you have the tyrant type of government we were facing.

There are three Rs involved here that I'd like you to consider: Romanow, Rozanski, and it's damn well right. Those are the three Rs we've got to live with these days.

I'll turn the remainder over to Bob.

Mr Sutton: Social services in Hamilton: I'm going to start off with affordable housing. Until last June, for 10 years, I'd been the secretary of Local 1005 Community Homes, 75 geared-to-income units on Hamilton Mountain. In 1995 we were also starting a second project. The second project was really exciting because it was retrofitting two existing apartment buildings. We had the support of all the tenants who were living there. They were all going to move into one unit. We were going to have new construction plus retrofitting. It was really an exciting program. It was instantly cut, along with a lot of other units.

For people trying to get into geared-to-income housing in Hamilton, for our units there was a six-year waiting list when I left the board. Even at that point, because there are emergencies and other things that come up, housing was not available to families waiting for housing.

Of course, as everyone is aware, the cuts to welfare: In 1995, they cut social assistance by 22% and froze it.

The one that I find particularly tough as well is the Ontario disability support plan. It hasn't had a raise since 1993; \$930 a month. It's interesting that old age security has had 36 increases during that period.

Let me tell you a story about a couple of women I've met. I met one in October. I also work for the United Way in Hamilton. She has one arm and is on disability. I went to her apartment on my lunch hour because I got a call. Here she is, with one arm, babysitting in her apartment. She has her two kids and three others she's trying to look after in order to make enough money to basically pay her apartment building rent. She was exhausted at lunchtime and she probably had these kids for another four or five hours. It's absolutely absurd that we've put somebody in that kind of position.

Yesterday, after I left work, I stopped by a woman, again on disability. She's living in a dump, actually, in Judy's riding. But she has to move out and she has to move out by Sunday. She's looked around for the last month and a half because the house she was renting an apartment in is sold. She has finally decided she's going right across the street from where she lives, because it's the only place she could find. It's over \$600 a month plus utilities. I knew where she could get some volunteers to help her fix the place up to make it livable, because it's an absolute dump. It's disgusting that anyone has to live in a facility like that. Plus she was looking for some help, if there were people available to help her move across the street. It's awful when you have to go and meet people like this, and they're everywhere.

We also have a lot of food banks in Hamilton, and they're busier than ever. We've got homeless people living on the street. Working people are trying to cope with the stress of trying to survive. Sometimes they've got multiple jobs with little or no support in the form of child care.

Last year Greater Hamilton Food Share was able to increase its donations by 47%. That's an increase of 621,626 pounds of food. It still wasn't enough to meet the demands of the food banks in Hamilton and, in some months, St Matthew's House was out.

Time and time again, the previous government refused to respond to the pressures for better public services, instead, dumping responsibility down on to local governments. The result is that local services are suffering everywhere in this province. They're always saying, "There is more to do, but we've got less money to do it with." We see that every day, because local public services are the most immediate and the most visible to people like me. We see that every day.

There has got to be a new deal for municipal governments, especially in the biggest cities. Again, with Hamilton, social services are dumped down on to the city. Hamilton doesn't have any program where we can share the cost of our social services with other communities, unlike Toronto. It's a lot tougher because a lot of people move to Hamilton for help. We just don't have the ability to help everyone who is there.

In Hamilton, because of the downloading, we've had property tax increases for the last three years in a row. This year, at the city meeting I went to, we're talking an \$81-million deficit and we're looking at tax increases—different numbers are thrown out—of around 13%.

Again, we've got a lot of seniors, particularly living in the east end of the city and a lot of seniors downtown. A lot of them are going to be driven out of their homes because they're not going to be able to pay property tax increases.

What we're saying is that the role of this government needs to change. We'd like to talk about the need to renew Ontario's ability to regulate in the public interest. New governments often want to change or reinvent the ways things are done. This is understandable, but deregulation and privatization are not the kind of change the people of Ontario voted for or want.

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We don't need the high-profile events like Walkerton, the epidemic of deaths among young workers, the crisis in long-term care and the increasing encroachment of forprofit hospitals in our health care system. When we talk about health care, we've got a good system in Ontario and we certainly don't want to lose it. It's more efficient and it's far better than anything they have in the States, where there are 45 million Americans with no coverage.

Last week I met two people who lost their jobs when Bethlehem Steel closed. One fellow is 41 years old; he has a couple of crushed vertebrae in his neck. He has a wife and three kids. His health care in American dollars now costs him \$760 a month. This is buying into the program that he had when he left Bethlehem, so he's still getting the group rate.

Of course, it's a good deal for companies in Canada. When you pay for health care in the United States as an employer, you're paying for doctor visits; you're paying for hospitals. OHIP is a good system as long as it remains public and we stay away from for-profit.

But we have a weakness in our health protection system, and SARS was a good example of it; the number of smog alert days in the summer, the closing of public beaches and the serious problems in our education system. Every one of these headline stories stands as a symbol for countless other stories of failure to regulate in the public interest.

The previous government turned this province into a happy hunting ground for those who seek to enrich themselves, for private interests at the expense of the public interest. It has got to stop.

It is our view that the people of Ontario don't want to sell off public services to enrich private interests. We don't agree with selling Hydro or the LCBO, delisting services such as hearing aids, destroying the universality of seniors' benefits, selling TVOntario or attacking public sector workers under the guise of reinventing government

One just has to look at the fiasco with Highway 407: selling a major public asset to a private company that puts profit far ahead of public service. The ever-increasing tolls would have done far more for this province than the original selling price.

The damage caused by Ontario's anti-government since 1995 is not going to go away overnight. It took the Harris-Eves era eight long years to bring public services

in this province to their current state. We feel strongly that the current government must follow through on the first steps toward services renewal that it promised in its election platform, and that will only be possible if the government shows some courage and demonstrates some faith in the goodwill and good sense of the people of this province.

We know that Ontario's public services need substantial new investment. We know that the province's fiscal position is weak, undermined by years of illadvised tax cuts that we could not afford. It was interesting on Monday night when we were at the hearings for the Hamilton budget, where our new mayor, Larry Di Ianni, agreed that the tax cuts of the province were illadvised. I was surprised to hear him say that.

We know that the government cannot deliver on the public services renewal we so badly need without increasing revenue. Ontario faces a revenue problem, not a spending problem. Don't let the commitment to the right-wing taxpayers' associations take precedence over

the promises to the people of Ontario.

We're prepared to do our part. The stakes couldn't be higher, because if the Liberal government persists in its pledge not to increase taxes it will be making public services renewal impossible. At the end of its term in office, its only accomplishment will be to have cleaned up the fiscal mess created by the Tories just in time for the Tories to be re-elected to start the process all over

We need a real debate about Ontario's future, a debate that puts everything on the table.

Mr Ted McMeekin (Ancaster-Dundas-Flamborough-Aldershot): Everything?

Mr Sutton: Everything.

It's time to start hoping again. It's time to reinvest in Ontario.

Thank you very much.

The Chair: Thank you. We only have time for one question, about two minutes. In this rotation it goes to the government.

Ms Judy Marsales (Hamilton West): Welcome, gentlemen. It's lovely to see someone here from Hamilton, and we really appreciate your presentation.

I think you would agree that Hamilton is the perfect example of a city in transition from the old-world industrial heartland of the turn of the century to today and the new realities of work needs. Industrial plants have some challenge and so on. But I think you'd also agree that if we're going to make this work, we're going to have to design a model where we learn to work together to make Hamilton the community that it needs to be.

You've mentioned a lot of things around the social services side which I totally agree with, and the needs of Hamilton. What one recommendation would you make as a model of this design to work together for a stronger Hamilton?

Mr Marston: Very clearly, when the province downloaded social services to the city, that proved to be a disaster. They have to take them back.

Ms Marsales: Is there a shared sense of purpose that you can give us as an example of a direction?

Mr Marston: Not directly. If you're talking about a shared sense of purpose, I'm not so sure the Hamilton labour council has a shared sense of purpose with any particular government. The reality is that we're there, in our opinion, to challenge the authority of the government, to draw their attention to shortfalls in their planning from our perspective. We're certainly willing and prepared to work with government on a committee basis like this to bring and express our members' concerns to you. That would be as close as we would get on that.

The Chair: Thank you for your presentation.

Mr O'Toole: Point of order, Mr Chair: I just want to make clarification, if I could. I understand that the presenter admitted here in public that he chose to break the law by having-

The Chair: That's not a point of order.

Mr O'Toole: I just want to make sure I have it—

Mr Marston: I'll give him as much attention as they gave us.

Interjections.

The Chair: Order, please. There are no demonstrations allowed in the room. Committee members ought to know that.

ST MARY'S GENERAL HOSPITAL

The Chair: I call on St Mary's General Hospital. You have 20 minutes for your presentation. You may leave time for questions within those 20 minutes if you so desire. I ask that you state your name for the purposes of our recording Hansard.

Ms Norma Davis: My name is Norma Davis. I'm the transfusion nurse coordinator from St Mary's General

Hospital.

Ms Katherine Luke: I'm Katherine Luke, and I'm the project administrator for the ONTraC program.

Ms Davis: Thank you for the opportunity to make this presentation regarding the value of continuing the provincial blood conservation program called ONTraC.

Canadian Blood Services normally collects about 17,000 units of blood a week. That's with only 3.5% of eligible donors giving blood. The demand for blood often outweighs the supply. There is a 4% increase annually in donations versus an 8% increase annually in demand. The rising demand is being driven by population demographics that are not unique to Canada. Red blood cell shipments for 2002 increased 7.4% compared with 2001. The highest rate of increase, 9.7%, occurred in Ontario.

Aside from demand outweighing supply, the risks associated with blood transfusion are very real. The infectious risks of blood transfusion listed on this slide are those we hear about in the press and on the news, such as hepatitis and AIDS. In reality, our blood supply has never been safer with respect to known pathogens. It is the emergence of new and unknown pathogens that will not allow us to be complacent. The West Nile virus is an example of such a pathogen.

The non-infectious risks of blood transfusion, such as transfusion reactions, heart failure and lung injuries, are not well known in the general population. As well, clerical errors may result in a patient getting the wrong blood, which can have very serious consequences.

Ten out of 16 observational studies and four out of five randomized trials showed a statistically significant reduction in infections after surgery with autologous—that is, blood pre-donated by the patient and used for themselves as a blood conservation strategy—versus allogeneic, or random-donor, transfusions.

Immune modulation resulting from allogeneic blood transfusions have been linked with increased infection rates in people having surgery. In various surgical settings, no variable was more consistently associated with infection after surgery than perioperative, allogeneic or random donor transfusion. For each unit of allogeneic red cells given, there was 1.5-fold increase in the infection rate. This translates into potential morbidity, mortality, increased length of stay and increased costs.

Because all Canadian blood donors are volunteers, there is a perception that blood is free in Canada. Ontario receives all of its blood components and products from Canadian Blood Services, which is funded by the provinces and territories. Canadian Blood Services' annual budget last year was \$740 million. It is estimated that the cost of a single unit of blood in Canada is between \$400 and \$550 dollars. This is a very conservative estimate. Clearly, blood is not free in Canada.

When we reflect on this information three things become clear:

The demand for blood outweighs the supply;

There are real risks associated with blood transfusion; and

Blood is not free.

Hence, the concept of blood conservation was born. Blood conservation programs have two primary goals: allogeneic or random donor transfusion avoidance and overall transfusion reduction.

Bear in mind that if patients are anemic, meaning that they do not have enough red blood cells, morbidity and mortality rates increase. Therefore, blood conservation's primary goals of avoiding allogeneic transfusions and reducing transfusions altogether, must be accomplished without harming the patient by letting their hemoglobin—which is the part of the blood cell that carries oxygen—level go too low. Attempts are made to do this before surgery and during the operation.

Many practices have been established that help lessen reliance on allogeneic transfusions in surgical patients. Autologous blood via pre-donation, self-salvage and acute normovolemic hemodilution are all ways of utilizing the patient's own blood. Erythropoietin, a hormone that stimulates the bone marrow to make red cells, may be administered weeks or days ahead of surgery to increase the number of red blood cells the patient has before their operation. Nutritional supplements such as iron, folate and vitamin B12 help increase red cell mass

as well. Other pharmacologics or medications improve the blood's ability to form clots and prevent bleeding during and after an operation. Fibrin glues are used to seal bleeding areas during operations as well. Controlled hypotension, or lowered blood pressure, and positioning of the patient in specific ways during the procedure can also lessen blood loss.

The transfusion trigger, which is the hemoglobin level that is associated with transfusion, must be determined carefully on a patient-to-patient basis. Blood conservation strategies that take place outside of the operating room require a lot of coordination. They vary from patient to patient and sometimes need to begin weeks or months before surgery. As a result, they are not widely and consistently used.

A plan was developed to increase their visibility and make them more accessible to patients, a three-year pilot provincial blood conservation program. It is called ONTraC. We are currently ending the second year. Transfusion nurse coordinators were hired and trained to become a clinical bridge between transfusion service and the rest of the hospital. We also function as hospital-wide educators on transfusion-related issues. Our job is to interact with physicians, nurses and especially patients to promote blood conservation and increase access to alternatives to allogeneic transfusion.

The anticipated outcomes of such a program were to promote quality decision-making regarding transfusion, improve patient access to transfusion alternatives and reduce allogeneic red cell use by 5% to 10%.

We coordinate the pre-operative blood conservation plan. We call or see the patient pre-operatively and offer them strategies for transfusion avoidance. We work with their surgeons, family doctors, pharmacists and laboratories to implement the planned strategy. We follow the patients once they are in hospital and make sure they are aware of what has transpired during their stay. For example, we make sure that if they had a transfusion while they were in the operating room they are aware of it. We provide education for all health care providers regarding transfusion safety. We document our activity and we submit that on a regular basis to measure our success. We are agents of change, constantly multitasking to accomplish all of these things while also allowing time for program growth.

We are based in 23 hospitals based on their blood utilization and geography. Our hospitals are comprised of a combination of university teaching hospitals and community hospitals. St Mary's hospital in Kitchener was one of the chosen sites. Coordinators were in place by April 2002. We received five days of intense training regarding blood conservation and ways of becoming agents of change. Over the next two years we have added to that knowledge base considerably. A network has developed and we support each other as we go to our respective sites to begin our challenging new roles.

A database was developed and we submit data to the ministry on a regular basis. So far, we have submitted one retrospective and two prospective data collections.

The second prospective collection is currently being analyzed.

Certain procedures were targeted for data collection. They had two key features: They are all high-blood-loss procedures, and in the case of total knee replacement procedures, the blood loss is very predictable, approximately 40 grams of hemoglobin. They are also elective procedures, although occasionally the AAA or aortic aneurysm repair surgeries are done on an urgent basis. An elective procedure allows lead time to implement strategies. St Mary's hospital in Kitchener submits anonymous data on patients who have had total knee replacements or revisions along with 18 other hospitals. Some of the sites collect data on more than one targeted procedure.

These are the results of 12 months of the hospitals collecting data on knee surgery patients. You can see that there is a large variability in the likelihood of transfusion at the different hospitals in the province. The vertical axis is the percentage of patients receiving allogeneic transfusions and the horizontal axis represents the individual hospitals. Blue is the baseline data and red is the data at 12 months. With aortic artery surgery we again see the considerable variation in transfusion rates among hospitals in the province. Similar trends were noted in coronary artery bypass patients. Cumulatively, the ONTraC program has resulted in a 24% lower transfusion rate for patients undergoing the targeted procedures. Even at 12 months we have exceeded our anticipated 5% to 10% reduction for the program. We expect that there will be even further reductions as the program takes hold now that we have implemented considerable education of doctors, nurses and, in particular, patients.

As expected, the ONTraC data associates allogeneic transfusions with higher infection rates after surgery as a result of transfusion-induced immunomodulation. When taking into account many factors such as age, comorbidities, hemoglobin levels etc, allogeneic transfusion was an independent variable for increased length of stay, as we can see on the next slide. Therefore, the ONTraC data shows that allogeneic transfusion alone is associated with a significantly longer length of stay for patients. Of course, this is very expensive and an important component of overall health care costs.

All of the ONTraC coordinators were challenged to develop transfusion safety and blood conservation committees at their sites as well as introduce informed consent for transfusions. You can see on the slide that at the baseline only 20% of hospitals had informed consent but by 16 months, 60% did. Similarly, there was a marked increase in hospitals having a transfusion committee and a blood conservation committee. Currently, even more sites have implemented informed consent in accordance with the Krever recommendations.

As an example of what can be achieved by a wellestablished blood conservation program, I will show you some data on cardiac surgery. At St Michael's Hospital, the cardiac surgery patients with the lowest transfusion rates and lower numbers of units transfused are those patients who are able to utilize a multi-modal approach to blood conservation, a combination of increasing red cell mass, pre-donating their own blood (PAD), and inter-operative techniques that limit blood loss during the procedure itself.

This chart represents many hours of work. Our project director, Dr John Freedman calculated these estimates based on the total number of targeted procedures—so that's total knee replacements, aortic aneurysm repairs and coronary bypass surgeries that take place provincewide. He calculated with the estimated cost of blood at \$400 per unit and with an estimated cost of blood at \$550 per unit. He calculated a saving of over \$8 million in reduced use of red blood cells alone and a savings of over \$5 million in reduced length of stays associated with fewer transfusions. He calculated a \$650,000 savings in reduced work in hospitals crossing and typing blood, drawing blood samples, these types of things, as well as the nursing care for patients receiving transfusion, because they need to be monitored very closely.

The thing that's not measurable on this chart is the greater degree of patient satisfaction and greater degree of patient safety.

The cost of the ONTraC program start is between \$1.8 million and \$2 million a year. You can see that this program can yield very significant savings to the province. When the same blood conservation strategies are applied to more procedures in more sites, even greater savings would result.

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In conclusion, I would like to provide a few relevant comments from a recent editorial that summed it up very nicely:

"Why 'bloodless medicine'?

"There are many bloodless medicine programs ... and the number is growing. Even in remote areas of Siberia, physicians and patients know about bloodless medicine.

"If one types 'bloodless medicine' into an Internet search engine, over 12,000 hits are obtained."

Bloodless medicine, or blood conservation, requires coordination of services across a variety of departments, which include co-operation between outpatient scheduling, surgical and anaesthesia physicians and their clinic personnel, operating room, scheduling, intensivists and haematologists, everything required to get the patient prepared for surgery. This is in contrast to a transfusion, which can usually be accomplished with one phone call.

Some institutions market their bloodless medicine programs by pointing out the complications and adverse effects of allogeneic transfusion as a way to lower hospital expenses or length of hospital admissions. This may be so, but careful outcomes research is needed before making this the only argument to establish bloodless medicine programs.

The strongest argument for having a bloodless medicine program is to respect the rights of patients based on the ethical value of autonomy or self-determination. Medical institutions have a responsibility to respond to this need.

A plethora of new techniques and therapies are available and their relative merits, alone and in combination, still need to be investigated, but it is becoming standard practice.

I hope that I have shown you the benefits of the Ontario transfusion coordinator program. Patients are very anxious to participate, as they strongly prefer not to have a random donor transfusion if they can help it. In addition to patient satisfaction, there are clear benefits of the program for patient safety and for cost savings. Since Ontario's contribution to the blood budget is hundreds of millions of dollars, even a 10% to 15% reduction is representative of significant cost savings.

For these reasons, I urge you to continue to support the provincial blood coordination program in the 23 hospitals currently involved and perhaps even expand it to more sites. Funding is urgent, as we've had no notification of funding approval for the third year, and it was started as a three-year initiative. There are only four weeks of funding left for the salaries of the 23 nurses in the program, and if there is no funding to maintain and consolidate our gains, it will be very difficult to resuscitate the program. All the people are in place, the programs have been started and the training has been completed.

Thank you for your consideration and the opportunity to present our case to you.

The Chair: Thank you. We only have time for one question, about three minutes, and this will go to the official opposition.

Mr O'Toole: Thank you very much for your presentation. Actually, it's the very first time we've heard this during the roughly 14 days of hearings. It's quite a unique program, the ONTraC program. I would say, even though I was in the Ministry of Health when we were government, I had not heard of it, so I appreciate being informed. It was one of the many good things we did, obviously. I want to get that on the record.

I need a bit of clarification, and I'm being quite genuine in this. I wasn't sure—autologous is actually self-donated?

Ms Luke: Yes.

Mr O'Toole: So you're really espousing self-donated blood?

Ms Luke: Patients usually have to meet certain requirements to be able to self-donate their own blood.

Mr O'Toole: That's interesting, because I don't think the general public is aware that there are these other risks that you attribute to the randomized blood donation—not to criticize it.

The other part of this is—again, it's been quite an informative presentation and I thank you for it. I've heard just marginally about bloodless medicine. There is a lot of day surgery and laparoscopic surgery today that is really quite uninvasive or unintrusive.

For the benefit of all, you could probably help to inform us because we're really, at the end of the day, just citizens, some more closely than others. That's the rule today: day surgery. It's elective surgery in many cases. If

I were to pre-donate, how much in advance would I have to coordinate this where I could donate my own blood? I'm a big supporter of that idea, the way you've presented it.

Ms Davis: Pre-donation of blood is appropriate in some cases, not in all cases, and that's why it's very important to have a person like myself help assess the patient.

In some situations it's suitable because the patient will probably need the blood back and won't be harmed by pre-donating it to begin with. In other situations they'll pre-donate the blood and it will be discarded because they won't need it. So it's very individualized. It's very patient-specific, it's very case-specific and it's very surgeon-specific.

Mr O'Toole: I see, and some of the surgeons culturally are kind of adverse to this donating your own. If my wife were having a child or something, if she could predonate in case there was a problem—would that be something that people should consider?

Ms Davis: It probably wouldn't be an appropriate thing for a woman who's expecting a child to do.

Mr O'Toole: Like she could do it eight months in advance or something.

Ms Davis: No. It has to be done within 30 days of the surgery.

Mr O'Toole: Oh, it does. OK.

Ms Davis: The perfect example that I like to use for this is elective joint replacement surgery, because demographically we'll be seeing more and more of those.

The hemoglobin drop with a knee or hip replacement is significant: 40 grams. The average hemoglobin for a woman is about 115 or 120 grams. If that drops 40, they are well below 100, and a standard transfusion trigger in a hospital—it's very sensitive about transfusion—is 75 or 80, depending on the patient's symptoms.

I did a survey, actually, of nurses in St Mary's hospital—actually of women, not just nurses—working at the hospital and 45% of them had a hemoglobin below 130. So 45% of them would be at risk for transfusion with a knee replacement, which is considered a fairly benign procedure. Those same women, if we had enough lead time—say, four to six weeks—could start an iron supplement and prevent a transfusion.

The Chair: Thank you for your presentation this morning.

CANADIAN MENTAL HEALTH ASSOCIATION, WATERLOO REGIONAL BRANCH AND WELLINGTON-DUFFERIN BRANCH

The Chair: I call on the Canadian Mental Health Association. You have 20 minutes for your presentation and you may leave time within those 20 minutes for questions, if you wish. I would ask you to state your name for the purposes of our recording Hansard. You may begin.

Mr Don Roth: Good morning. My name is Don Roth. **Ms Lisa Gammage:** My name is Lisa Gammage.

Mr Roth: I truly appreciate the opportunity to come before you and speak this morning. I hold the position of a director with the Canadian Mental Health Association, both the Waterloo regional branch and the Wellington-Dufferin branch. Here with me is Lisa Gammage, who's the executive director of the local Self Help Alliance in our district.

Our local branches provide a range of important community-based services in housing, case management, crisis support as well as community development and educational services. We've been around for over 40 years. I've been in this business for a long time and provide a range of services to children, youth and adults. We make necessary and important connections with our community partners in mental health as well as the generic community support systems that are created in the province. We're an active member of the provincial association, the Ontario division of the Canadian Mental Health Association, as well as our national division.

I wish to share with you this morning some information from a forum that was held last week by our local district health council here in Waterloo-Wellington-Dufferin. Mental health planners Grant Hollett and Harriet Lenard had surveyed and provided some feedback on agencies' operating pressures and issues faced by 15 local mental health organizations. So they went broad-based with their information gathering and presented back to the community. They received a lot of agreement and applause to their summary. The essence of that I'll provide to you right now.

The two key features they highlighted were (1) that their geographic areas experienced tremendous population growth, and (2) that the complexity of support needs that people are experiencing in the community has tremendously increased. So in that context, there also has not been a base budget increase in mental health organizations for over 10 years, I'm sure you're well aware. The basic costs of maintaining these very important operations have increased dramatically—necessary costs: things like renting utilities, computer networks, and many other kinds of administrative costs.

Additional funding for new programs without administrative management and capital funds has assisted in meeting some community needs. However, these enhancements, without increases to the base budget, have also increased the instability of organizations.

Thirdly, a lack of salary increases in the community sector has added to the extreme difficulty we now experience in both attracting and retaining qualified candidates for positions to support people in the community.

Their summary went on to indicate that the impact of these realities continues to manifest in a number of negative ways. What we're seeing now is a loss of staffing positions and reductions in the amount of service that can be provided. We're seeing a lot of staff turnover and poor organizational morale. In fact, a greater demand for hospitalization is now being experienced as the necessary supports and services have not been created in

the community that were outlined and intended in very well written policy documents, dating back to Putting People First, the Graham report prior to that, and of course Making it Happen, and the excellent work done in the province over the last year with the task force reports.

We have waiting lists in the community sector now that can no longer be managed. We have people not

receiving services.

We have agency competition for scarce resources and we have agencies that need to pursue funding sources outside of the provincial government, whether that be at federal levels or other programs. This results in more fragmentation of the system as we get time-limited funds to start necessary services and then we have to stop and start again at some point in the future.

These are very important realities. In spite of that stress, we're very grateful for the service networks that we have in our local area and proud of the leadership we've experienced in our collective efforts to build a mental health system.

At the forum, the local network was united in the hope that you might receive this one message, and that message would be that there are no efficiencies left in the community sector. It is on the threshold of a fundamental shift where services that have been in place for a period of time are beginning now to disintegrate. There are very clear signs of that. The base budget issue needs to be addressed now as a priority area to preserve the current services that exist. This was the message they both requested and pleaded with us to make to you today.

You've also received a presentation by our Ontario division, our leadership at the provincial level. They have echoed these sentiments with a three-point plan, along with specific recommendations on different allocations.

The first of their recommendations was, build system capacity now by investing in services and supports for people, including a base budget increase for all mental health organizations, enhancing the capacity of consumer and family initiatives and funding for employment, housing and early intervention supports.

Secondly, invest in supports for the mental health system itself, including an investment in front-line services that will enable information services to be provided to the community and investment in data collection technology.

Thirdly, identify and reward mental health programs and partnerships that work. Create an innovation fund to support the development and implementation of service integration models and a fund to support the evaluation of them.

These are issues and items that I'm sure you're familiar with. Somewhat ironically or paradoxically, what I came to represent and to speak with you about is not our desire to provide more and better services. Our organization believes that this need is actually quite clear. The evidence is already present among us.

I also did not come to plead for a salary increase, as alluded to previously, although I would wish for equity between the community and hospital sectors to address this important issue for the front-line staff of our organizations.

What I came to share with you is a vision and a passion that we have to create an inclusive community. We believe in a community where all people are valued and have equal opportunities to participate in all aspects of life. I want to talk to you a little bit about what that means. It's actually a real home that a person will own and manage. It's not a social service group home, it's certainly not a mat on a floor and it's certainly not a bed in a hostel.

A community is a place where people have a real job that provides a valuable good or service and they receive a fair living wage, and they also have a few really good friends and maybe even a life partner they would choose.

What I want to share is that people who experience mental health issues are not so different in what they want; it's really the opportunity and support necessary to create and direct their own lives. This goal is not beyond our society. In fact, it is entrenched in our Canadian charter in the "right to life, liberty and security of person and the right not to be deprived thereof except in accordance with the principles of fundamental justice." I'm here to tell you that our organization sees this right being denied people on a daily basis in our province.

Our mission is to work with the community to provide opportunities for individuals to enhance their mental health, to help people to improve the quality of their lives, to eliminate bigotry, prejudice and the resulting stigmas that prevent full participation in community life. You are charged with difficult decisions to make the right funding choices that will definitely help define our society. I ask that you make those changes that you can to eliminate the prejudice and to eliminate the need to blame and punish people. I'd like to outline a few of those for your consideration.

Many improvements have been made to the Ontario disability support program. We experience great staff and management in this program in our region, but here is one important item on the agenda of all people with mental health issues trying to work. It will cost nothing to eliminate the cap on earnings for people who are eligible and receiving this pension. We debate and generally agree in the service community that the cap should not be \$160 that people living in poverty are allowed to earn before they receive heavy deductions to this income. Some of us have argued that the cap should be double and some of us argue that there are different ways of doing the formulas around it. I'd like to share that we believe that maybe it's time to eliminate this cap. We don't need to spend anything to do true justice with this issue. We need more than a good employment policy from the provincial government, which we do have. We need this cap removed and we need funded support services on employment to help people with this problem.

I also wanted to highlight that we often speak about wanting to solve the homelessness problem. You're all aware that shelter allowance has not been increased in a decade. In fact, the funding formula used by Ontario Works clearly does not work. For evidence of this, you need only speak to anyone in housing services across this province about the availability and affordability of market rent units. It's quite clear.

I ask that you don't fund more bureaucratic governance structures in making your choices and I ask that you stop increasing funding to more control measures such as those represented by community treatment orders. These do nothing to ensure the quality of life for the vast majority of people with significant mental health issues, including those with the most serious challenges that we have been supporting over many years.

What I ask is that you fund services that support people to live a decent quality of life, no different than your own. I ask that you recognize that we all take different paths to design what that chosen life might actually look like, but more legislation and resources to force treatment and those that maintain people in a life of poverty will never lead us to the kind of world we're trying to create for each other. I ask that you choose to end poverty for people.

In our forum, mentioned previously, our current system was described as "a factory for manufacturing increasing levels of acuity and crisis." This is a summary that was agreed upon by the 15 organizations. All of the work they do leads to this cumulative result, that we actually work to increase levels of acuity and crisis in people's lives. We do this through a number of means that I won't detail, given our time constraints.

I ask that you fund a range of effective support services with the capacity to ensure a quality of life and that you recognize that this is the critical piece needed to accomplish the vision of a truly community-based mental health system.

I'll ask Lisa to share.

Ms Gammage: My name is Lisa Gammage. I was diagnosed with my first depression in 1989, and since that time I've had four different episodes. I was diagnosed with chronic major depression and experienced my last episode in 1996. At that time, my depression was so debilitating that I required assistance from my parents to bathe and wash my hair. I was given dire predictions by psychiatrists, support workers and family members, who said I would be on medication the rest of my life, that I would never be able to hold down a job and that I would always need support to live. I am here before you today to tell you that I'm living proof that I've recovered from my illness and, with great assistance from my family and friends, I've been able to slowly rebuild my life.

I currently hold the position of executive director for four partnering consumer-survivor organizations with a combined membership of approximately 1,000 people within Waterloo region, Wellington and Dufferin counties. "Consumer-survivor" is a term used to describe people who have had to deal with the mental health system, and consumer-survivor initiatives are organizations run by and for people with mental health issues.

One of the few differences between me and countless others who require assistance from the mental health system is that I had a tremendous informal support network that allowed me to recover at my own pace. Unfortunately, most people who are diagnosed with a mental health issue do not have friends and family who are both financially and practically able to support them, and as a result they need to rely on service providers to fill that void.

As talked about in the material that Don presented, the mental health system is currently in a critical state. Mental health organizations within the community have not had an increase to their budgets in 12 years and this has seriously eroded their ability to provide effective and often necessary supports to consumers. In fact, the situation has become one where the system once designed to help people is, in reality, becoming one that perpetuates a life of despair.

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Due to the consistent lack of funding, consumers have been and continue to be subjected to increased waiting lists for services, stricter criteria for involvement, services that only deal with the crisis and don't address the situations around daily living, and services that are unable to invest in the long-term improvement of their overall quality of life.

Because of these conditions, we have seen an increase in the amount of unnecessary police involvement in incidents related to mental health and an increase in the need for people with mental health issues to access the overcrowded and understaffed emergency rooms, looking for support. These measures do not come without significant financial cost as well as a detrimental human cost, as people are left feeling isolated, unsupported, criminalized and rejected.

For many decades, people with mental health issues have been treated with disrespect and disdain and have been removed from active society in an effort to minimize their impact on the rest of the population. Although we've made great gains in terms of releasing people from their caged lifestyles of institutional living, we have not provided the means by which they can take ownership over their own lives and actively engage on a pathway to recovery. Due to the continued lack of investment of funds toward the mental health system in Ontario, consumers are unable to access the supports they need in order to reclaim their lives. They are part of a system that most often only responds during a crisis period and leaves them to struggle in lives of poverty and isolation, with little hope of recovery.

A majority of consumers rely on Ontario disability support program benefits on which to live. The average single recipient receives \$930 per month to cover rent, food, transportation and in fact all living expenses. This program has not seen a cost-of-living increase in the past 12 years. Individuals are forced to rely more and more on local food banks, soup kitchens and charitable institutions for their daily survival. There is very little available in the way of affordable housing and much of ODSP's monthly benefit is spent on rent alone. People are forced to live in bug- or rat-infested conditions in order to keep a roof over their heads.

Did you know that ODSP considers a telephone to be a luxury? Just imagine being someone who is diagnosed with a social phobia and is terrified to leave their home but is unable to connect with the outside world because a telephone is considered to be a luxury. I'm not sure what kind of message we're sending to people.

It's a known fact that 85% of people with mental health issues are unemployed. A recent needs assessment related to employment was carried out in the Wellington-Dufferin areas and found that only 2% of the respondents stated that they didn't want to be employed in any capacity. For the 98% of participants who said they did want to work, there were two main obstacles: one was the fear of not being able to get back on assistance if they needed to, if they lost their job, and the second was a fear of losing money or drug benefits from the government.

Benefits received through ODSP have trapped people in a cycle of crisis, with little to no chance of escaping. Coupled with the lack of available mental health services, consumers are sentenced to enduring a continued life of poverty and isolation.

As the state of the overall health care system has declined, consumers have had less access to primary physicians, publicly financed therapy and treatment alternatives, and long-term services that invest in individual recovery. Instead, they are subjected to services that look at the most cost-efficient, immediate solution. The system itself has become dysfunctional and more pressure is put on the most invasive types of services like police or institutions as opposed to the least intrusive, which are much less costly overall solutions.

Many organizations have taken extraordinary efforts to streamline their expenses and minimize administrative costs over the past several years and are no longer able to sustain their level of service and operations. The result is that people with mental health issues will have little to no chance of improving their living conditions and achieving a level of recovery that enables them to participate fully in the community.

As someone who has needed to use the mental health system and now as someone who works with people who do, I understand the insurmountable barriers that stand in the way of reintegrating into the community. People must continually face the effects of the illness itself, the debilitating side effects from medications, the prejudice and bigotry that runs rampant in our society today, and now must also live within a system that perpetuates the cycle of crisis because it's drastically underfunded. The actions—or should I say lack of actions—by past provincial governments have only served to reconfirm the prejudicial view held by many people in society that those with mental health issues have little or no value within our society.

Unfortunately, we're all aware of the difficult challenge this government is facing in dealing with the inherited debt, but it's clearly obvious to those of us who work with consumers on a daily basis that the mental health system has no flexibility left and it's in a state of crisis. Enough money has been spent on assessing and

reviewing the system and it's now time to make some changes that will affect the lives of the individuals who require support from the mental health system. Each report or assessment has recognized the imperative need for funds to be injected into this system, yet consumers have still not seen any improvements in their personal situations.

I ask you on behalf of consumers across the province today to please invest in individuals and in services that support people to rise to their fullest potential. Perhaps now you can understand why some people see themselves not only as survivors of their mental health issues but also of the mental health system.

Thank you very much for your time.

The Chair: We don't have time for questions but we appreciate your presentation.

WATERLOO REGIONAL LABOUR COUNCIL

The Chair: I call on the Waterloo Regional Labour Council. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you wish. I would ask you to state your names for the purposes of Hansard.

Mr Len Carter: My name is Len Carter and I am with the Waterloo Regional Labour Council.

Ms Sandi Ellis: My name is Sandi Ellis and I am the regional representative in this area for the Canadian Labour Congress.

Mr Carter: As I just mentioned, my name is Len Carter and I am a member of the Waterloo Regional Labour Council. I am also a governor of Conestoga College and one of the co-chairs at the Waterloo Wellington Training and Adjustment Board. These activities may well colour the issues that I will address.

I'd like to thank you for the opportunity to make this presentation on behalf of the union members in this area. We represent working people in both the public and private sectors. Our labour council and its members have a very long history of community involvement and social and political activism.

We are encouraged that the Liberal government has invited us here for some open discussion about improving this, the lot of all of its citizens, and not just the special interest groups of wealth and privilege. This is a positive and appreciated change from the Tories' open animosity and scorn for those who disagreed with their direction.

The question that needs to be addressed is not whether there is a deficit but rather why there is a deficit. If we are to address what Premier McGuinty describes as a structural deficit, we must also examine the economic foundation of the structure, identify its bulwarks and architects and put forward a solid plan for change.

Now, I don't want you to think this is a tax-the-rich rant, but I do and will, in this presentation, ask, request, even demand, that all parts of our society pay their fair share. The Liberal government has identified \$3.5 billion

in annual wasteful spending carried out by the Tories. Therefore we can make a rational assumption that Premier McGuinty and Finance Minister Sorbara will not be wastefully spending that \$3.5 billion a year. This brings the deficit down to \$2.1 billion, but what is a couple of billion between friends when we're talking deficits? So we'll play along and call it \$5.6 billion after all. You, the Liberals, are new at this and we understand that. We don't blame Premier McGuinty for the mess we're in.

So what did cause the estimated \$5.6-billion deficit? We have the Tory excuses of 9/11, SARS, mad cow and a sluggish US economy—I don't understand US and Ontario, because there's a difference here—since Bush was elected. These events did not cause the deficit, although they may have had a slight effect—but only a slight effect. Profits are growing; people are working, often too much overtime; jobs are being created, although not as fast as we would like; some industrial plants are even expanding; part-time jobs are starting to be converted to full-time jobs. In short, the people of Ontario have seen much growth, but we have also seen and felt the destruction of a monstrous set of government policies directed at the general public.

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What are we facing today? It's not an economic crisis but a growing crisis of confidence of working people in the future direction of capitalism. In today's Ontario, we can see the rapidly expanding gap between rich and poor, the stagnation of real income of the middle class, the erosion of public services and the unabated degradation of our environment. We see non-productive organizations like banks and insurance companies making obscene amounts of money, called profit, without adding one cent of merchandise to Ontario's gross domestic product. These same companies often pay little or no provincial taxes due to the multitude of tax loopholes. They even employ whole departments of accountants to find those loopholes. I tell you, I can't afford a department.

The optimists among us look to government to balance the legitimate interests of the majority against the might and power of capital. Unfortunately, there has been an enormous and undemocratic shift in power to corporations and financiers. Our citizenry has been told they must buy into the new reality of the sanctity of the bottom line. We ignore the productive potential of our society and look only to restraints and cutbacks as a short-term means to solve the problem of deficit and feed the false gods of profit and productivity. I say "false gods" because profit requires only more profit regardless of the human consequences. Productivity means doing more with less, creating higher levels of profit. These artificial gods are never and will never be satisfied.

In October last year, the majority of voters in Ontario rejected the notion that it would be a better place if we reduced our personal income taxes and cut our corporate taxes. The real agenda of the Tories' Common Sense Revolution was to starve government by limiting its ability to raise revenues. This manufactured crisis in our

schools and hospitals led to the conditions for private sector takeovers.

From 1995 until the end of fiscal 2000-01, the Tory government reduced public revenues by a combined total of almost \$33 billion. The amount of debt directly attributable to Ontario's tax cuts ballooned to \$14 billion. The carrying cost for this portion of Ontario's debt is estimated to be in excess of \$800 million.

The Tory tax cuts have resulted in an annual reduction of \$9.5 billion in personal income tax revenue and \$2.6 billion in corporate tax revenue. The present \$5.6-billion deficit is small when compared to the money lost to tax cuts. We don't have a problem with the deficit. We have a revenue problem.

This leads us to the reason we are here today. We are not here to solve the deficit problem; we are here to assist the government in resolving its political problem. The dilemma faced by the provincial government is largely a political one. Last fall, the Liberal Party won the election by campaigning on a platform of change. Promises were made to invest in health care, education and infrastructure. During the campaign, Mr McGuinty signed a pledge with a right-wing fringe group promising not to raise taxes. What an unreasonable pledge, or demand, that was. You don't buy a pig in a poke without knowing the cost.

Following the election, Premier McGuinty resorted to the age-old tactic of every incoming government in the last 20 years and professed not to have known the cost of the mess they'd inherited. The people of Ontario don't believe it any more. Working people have a term for that.

Commitments to rebuild the province after eight years of destructive policies are set aside. A consultation is launched but the terms of reference reported in the media are that we must decide what programs and services should be cut first. How can we increase government revenues? What user fees—taxes—can be imposed or increased? What can we download to the municipal government?

Now, who pays municipal taxes? Are we fools to say that I'll give you the money you put in my left hand with my right hand, and a couple of bucks more from my pocket? It's all taxes.

The previous government created a shortfall in revenue. This shortfall in revenue was created through tax cuts. These tax cuts had a disproportionate benefit to individuals with high incomes. Since 1995, 18% of the highest income earners have received half the benefits of the income tax cuts. Taxpayers with incomes in the range of \$150,000 to \$250,000 saved approximately \$15,000 annually. For most working people, there is very little difference in our standard of living. My question to the Liberal government is, shouldn't the people who derived the greatest benefit over the last eight years of tax cuts now assume their fair share of this burden? Everyone should pay their fair share.

The alternative of cutting funding to more public services is not the road this government should take. We have tried the medicine of slash-and-burn politics, and it

doesn't work. We are left with a serious revenue shortfall: a shortage of affordable housing; inadequate, even criminal, neglect of our elderly in long-term-care facilities; a shortage of doctors in our communities; a hydro system in chaos; an epidemic of homelessness; a dramatic increase in food bank usage; and the very safety of our food and water at risk.

The legacy of tax cuts has caused the deficit, cutbacks and restraint. Why would any government with a mandate for change choose to continue the intellectually corrupt policies of the past government? If the objective of the government is to improve the economy and reduce the deficit, the first item that needs to be addressed is the issue of wealth redistribution. It's time to restore levels of fair taxation that ensure essential public services are maintained. If government is serious about wanting to stimulate the economy, raise the minimum wage to \$8 now—not in a year or two, but now.

In the package you'll find that there is a quote from the Liberals during the election. The bottom line of it says, "We will raise the minimum wage to \$8 an hour." Index that amount to inflation and increase the social assistance rates by 30%, and you'll cut food bank use and health care use and take some of the burden off our charities and community service providers.

Increase the funding to colleges. An unbiased economic assessment was done by Larry Smith, the leading economics professor out of the University of Waterloo here in the Waterloo region, and he found that fully 50% of all individuals had had direct use of the college and the courses offered. We found that the annual economic impact of the college was greater by far than any other academic institution in the area. Yet the colleges of this province receive less funding per student than any other level of educational organization, from grade schools to universities. A tuition freeze may be fine, but the costs of an educational institute will still grow and the underfunding of provincial colleges becomes exacerbated.

Allow our apprentices to be fully trained and educated. Don't have them trained for parts of their professions. Let them become true journeypersons in their chosen fields. Change and ensure that the legislation is written for those individuals to become full partners in their fields of endeavour.

If you want to stimulate the economy and not cost the government a dime, restore indexing to injured workers with workers' compensation pensions. Once again, a quote from the Liberal promises: "Injured workers and their dependants should not have to rely on their pensions being topped up by welfare payments." The full quote is there. These are the people who spend every dime that they get in the community. These are people who pay PST on everything from diapers to doughnuts. These are the people who need change the most.

The government's recent commitment to increase funding for ESL students is wonderful. We'd like to see investment in all levels of education. It will pay off by attracting companies here that are looking for skilled and educated workers. Once again, your promise during the election is quoted there.

Since NAFTA and the end of the Auto Pact, Ontario has lost nearly 250,000 industrial jobs. Many of those jobs have been in the auto industry, in auto assembly and parts jobs. With one in six jobs in Ontario reliant on the auto sector, government needs to be proactive in attracting investment and providing incentives for research and development of new technologies, especially as they relate to the development of eco-friendly products. We understand the importance of the government playing a robust role in strengthening our industrial base. Our agreement cannot be underestimated. We hope that the commitments made by this government are not forgotten.

Please be assured that labour remains committed to working with all levels of government to retain and attract good-paying jobs to Ontario. As workers, we understand the motivation of the private sector. The most committed cost-efficient provider of essential services is the public sector. The private sector has an economic obligation to investors that takes priority over social obligations. This government will find widespread opposition to any agenda of privatization and P3 partnerships. I call them P4s because, to tell the truth, it's public and private partnerships for profit. The last thing Ontarians want or need is multinational corporations taking profit from our essential services and out of our pockets. Take a look south of the border if you want an estimate of the enormous costs, massive inefficiencies, special treatment for the rich, and no service for those who can't afford to

Your promises during the election included this small line: "We've seen no evidence that private care is any cheaper, but plenty that it's more expensive." It's time to address the needs of all Ontarians, not just the wealthy and privileged. That would be a change that we would welcome and appreciate.

On behalf of the Waterloo Regional District Labour Council, I thank you for the opportunity to make this presentation.

1200

The Chair: Thank you. We have two minutes per party, and we begin this round with the NDP.

Mr Prue: I think you've said it all very well. There are a couple of things I'd like you to expand on here. The first is, we had a deputant just before you who was talking about ODSP, and I would think also we could include welfare rates. Do you think the cap should come off so that those people who are on Ontario Works or ODSP would be allowed to have a job as well in order to augment what is indeed a very, very meagre income?

Mr Carter: There's no question that there should be no cap. From our viewpoint, those people should be allowed to make a living. What we would like to see is that every person who wants to work has the opportunity to work. As the previous delegation said, 98% of all of those people want to work.

Mr Prue: And it wouldn't cost the government a dime.

Mr Carter: Not a nickel.

Mr Prue: Not even a nickel. That's even better.

In terms of housing, you didn't really deal too much with this. Can you outline the need for affordable housing in this community and whether the private sector has been doing enough to build rental housing? I note that this afternoon we'll have a group that will come here and tell us again, for the umpteenth time, that the private sector is building rental housing, although they can't tell us where any of it is.

Mr Carter: Having sat at city council, I can tell you that the city has sponsored some affordable housing—I wouldn't call it affordable housing; it's housing geared to income. What they are doing is they're displacing a lot of less expensive housing. The result is that we'll have 100 people living in one space where we had 400 people before. They had housing. They can't afford the new housing. Many of them are homeless. Many of them are persons who are ill. Many of them are persons who can't afford to live in a nice, fancy, new apartment building.

Ms Ellis: And many of those new, fancy apartment buildings are being converted to condominiums, where in fact they can make more profit by selling them. So we end up with a lower level, on a percentage basis, of any kind of housing that's rental housing, but dramatically more so where the affordable housing limit is put.

The Chair: We'll move to the government and Mr Wilkinson.

Mr John Wilkinson (Perth-Middlesex): Thank you for coming this morning. This is the last day of 12 days where we've been right across the province. The fact that you've been able to come—and we've heard, obviously, a consistent message. I can understand why you have fear. We are, as you've outlined, on the horns of an exquisite dilemma, because we don't have just a fiscal deficit; we have a social deficit; we have an infrastructure deficit. We have all of these types of deficits. We have a surplus of deficits.

It was interesting that even Mrs Witmer decided today that really we should increase ODSP and OW, which was quite revealing here. The road to Damascus leads through Waterloo for some Conservative members.

But what I find interesting and I think we have to understand is that we have found that the system is so warped now that we have to be very careful that we don't throw money—I'll give you an example. We've been told by people that we don't spend \$400 a month to keep seniors in their own home, but instead, by failing to do that, we end up spending \$27,000 a month to have them in hospital. So when we talk about how we need to restructure government, you've come and helped us see these places where we're spending money, but we're not spending money efficiently; we're not spending it correctly.

We have to allocate, and so my question to you is, do you feel that you can work with our government to help us see these inefficiencies so we can get it redirected?

Ms Ellis: Only if you can actually see what we're telling you. If you put the blinders on, it isn't going to be anything but the kiss-off that lots of governments give to labour when we talk to them.

When we talk about health care, and you've talked about seniors in their home, health care in this province, in this country, is a right of individuals. Let's not commodify it. The chamber was up here talking about health care as a product that needs to be more efficiently delivered. It's not a widget; it's a right. If we want to commodify everything, is one to assume that eventually someone out there will attempt to commodify the air that we breathe and we will then have to pay for that? We can go to extremes and become totally ridiculous. Health care is a right of every individual in this country under the Canada Health Act, and we need you to guarantee to us as well that you're going to maintain the Canada Health Act and make sure that none of these P4s get built in this province.

Mr Carter: Just to add to that, I commend you for recognizing the fact that we have a social deficit that was created by the Tories and you're stuck with it. The time to fix it is now, and the best advice I can give you is, don't be Tories.

The Chair: We'll move to the official opposition and Mr Arnott.

Interjections.

The Chair: Mr Arnott has the floor.

Mr Arnott: Thank you very much for your presentation. I just want to say to you that I don't agree with everything you've said, but certainly we do respect your opinions and you have every right to come here and express them. I must say that I felt that some of your language was quite extreme, almost Marxist, and so I would say that I disagree with much of what you said—

Ms Ellis: It is not an odd comment, coming from you.

Mr Arnott: —but I found something I did agree with, and that is, we need to do more to encourage our apprenticeship programs.

Mr Carter: Absolutely.

Mr Arnott: Conestoga College is an excellent institution, and I'm glad—

Mr Carter: Best in Ontario.

Mr Arnott: I think so too, and all kinds of objective indicators seem to show that.

But there's one thing I have to ask you. You talk about profit and productivity being false gods. I completely disagree with you. In an economy—

Mr Carter: Well, I've experienced it. My employer was the Canadian Broadcasting Corp, and we were involved in cuts and productivity increases from 1984 until I left in 2002. It didn't help any. They just took more and more and more, and there was more productivity required, but it did us no good.

Ms Ellis: I come from Canada Post. It used to be a service and it is now—

Interjections.

The Chair: Thank you for your presentation this morning.

Mr O'Toole: On a point of order, Mr Chair: I'm seeking unanimous consent to introduce, with very little debate, some 25 motions. It would be the agreement of

the committee to two minutes to respond to 25 motions; I'm seeking unanimous consent for that.

Failing that, we would be required to read them into the record, which I don't want to do, using all of the lunch period to do that. I'm not trying to hold you over a barrel on this.

The Chair: Could we have clarification on what you meant by the two minutes?

Mr O'Toole: Two minutes for each side to respond to the general themes of the motions, which were distributed yesterday.

Interjections.

The Chair: Wait a minute. We want to be clear about this; the Chair wants to be clear.

Mr Prue: On a point of privilege, Mr Chair: Nothing was distributed yesterday. I do not have any of those.

The Chair: That's why I'm trying to be clear here.

Mr O'Toole: I'll clarify that. If one was to reflect on the record yesterday, I gave notice that I was going to be introducing a number of motions. Unfortunately, the last presenter yesterday cancelled while I was out of the room engaged in a conversation with one of the previous presenters. Subsequently, you moved to adjourn and preempted that. Respectfully, these 25 motions are part of the response to public input. Rather than consume the time of all of the presenters and the members here with debate, I now want to present these motions and table them for consideration during the report-writing period. That's what I'm seeking.

The Chair: You're seeking unanimous consent to table 25 motions to be dealt with at the report-writing stage.

Mr O'Toole: And two minutes to talk about them.

The Chair: Two minutes only to talk about those 25 motions in total.

Mr Mike Colle (Eglinton-Lawrence): Agreed.

Mr Prue: I would agree to that, provided that it is dealt with this afternoon. I would like to read the 25 motions because if I have to respond to them, and I'm given only two minutes to do so—

Mr Colle: But he's tabling them so you could respond to them at the report-writing stage; all he's doing is tabling.

Mr Prue: I do want to speak against some of them. I would like an opportunity. I'm not saying I'm in disagreement. I will do it, I will vote for it, provided we do that at 4 o'clock this afternoon and not right now. If not, I'm going to say no.

Mr Colle: Either way, OK, that's fine.

The Chair: I'm required to put the question.

Mr Prue: If the question is, he's going to give me those now and we respond at 4 o'clock, I will vote yes.

The Chair: Is there unanimous consent? Agreed. We're going to deal with these motions as stated at 4 o'clock, or at the time of the last presentation today.

Mr Colle: I move recess.

Mr O'Toole: No, no. I'm just responding. These are the motions I've now given to the clerk. They were given

to him yesterday because of procedural things. The two minutes I have now is to say—

The Chair: No. We're going to deal with them at 4 o'clock.

Mr O'Toole: I said I was going to speak for about two minutes and then we would do it this afternoon. The general theme we had today—

The Chair: No. We'll have the two minutes at 4 o'clock.

Mr O'Toole: The motions we're moving—

The Chair: No, Mr O'Toole, everything will occur at 4 o'clock, including your two minutes. The Chair will ensure that you have that time.

The committee recessed from 1212 to 1301.

WATERLOO REGION HOUSING COALITION

The Chair: The standing committee on finance and economic affairs will please come to order. I call upon our first presenter this afternoon, the Waterloo Region Housing Coalition. Please come forward.

Ms Gay Slinger: One of our members has just taken leave for a brief moment. She will return shortly.

The Chair: That will be fine. I assume we can begin, though?

Ms Slinger: Yes.

The Chair: OK. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you so wish. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms Lynn Macaulay: Good afternoon. I'm Lynn Macaulay. I am the housing services coordinator for Lutherwood-CODA, which means that I help people find and maintain rental housing within the Waterloo area.

Our presentation today is on behalf of the Waterloo Region Housing Coalition, which is a collective voice on affordable housing within Waterloo region. Our membership includes housing providers, local planners, development consultants, staff from various levels of government and community information services.

Housing is a basic right and need, and as stated by Larry Smith, a University of Waterloo economist, "Housing is the platform, the foundation of any humane, functioning society." As the National Liberal Caucus Task Force on Housing, co-chaired by the Honourable Paul Martin, concluded: "Housing is a fundamental right: All Canadians have the right to decent housing, in decent surroundings, at affordable prices. Shelter is a necessity of life and adequate shelter must be viewed as both an individual and collective right for all Canadians."

The premise of our presentation this afternoon is very simple, and that is that we pay for beds for homeless people now. We pay for them in hospital, we pay for them in jail and we pay for them in shelters. The more cost-effective and humane way is to pay for housing for individuals. My role is to tell you what we already know about the costs. The TD Financial Group discussion paper on affordable housing in Canada identifies that the

"the lack of affordable housing is a problem confronting communities right across the nation—from large urban centres to smaller, less-populated areas. As such it is ... gaining recognition as one of Canada's most pressing public policy issues."

Further, while "we are used to thinking of affordable housing as both a social and a health issue ... working to find solutions to the problem of affordable housing is also smart economic policy."

As we know, there are costs to not addressing the needs of the homeless and the hard-to-house. Conversely, when we address their needs there will be positive economic impacts on many sectors. We know, for example, that in terms of physical health, people who are homeless are high users of emergency health services as their primary health care and they tend to present at emergency with a higher acuity and seriousness of illness for a number of reasons. There are studies that have been done that have shown that "homeless people are admitted to hospital up to five times more often than" their housed counterparts and "stay in hospital longer than other low-income patients."

We also know that "the average mental illness rate of homeless people is ... four to five times that of the general population." This, in turn, increases homelessness and also increases use of emergency services such as police services and the emergency department in order to get assistance with mental health needs.

We also know that the National Crime Prevention Council has ranked inadequate housing conditions as one of the risk factors that contribute to offenders' involvement with criminal activities. We know that studies that have been done of inmates at federal institutions indicate that those who were formerly homeless have a much higher number of previous convictions than their housed counterparts.

We also know that a small portion of adolescents are street youth, but they are "involved in a substantial and disproportionate amount of all crime. Street youth are also, disproportionately, repeat offenders."

We also know that the largest growing segment of the homeless is families. This is seen in a study by the Children's Aid Society in 2000 that found that housing was a factor in one in five children being taken into care. It's a dramatic increase of over 60% from a study that was done in 1992. The lack of suitable housing delays the return of children in care to their homes. The Toronto Children's Aid Society estimates that the annual care for children who could be returned to home but are not because of housing issues costs about \$18 million.

We also know that there is less education achievement among children who are homeless. What we are doing by limiting the education opportunities is creating another generation of those who will be homeless.

We also know that the homeless use a large number of social services, including shelters, food programs, legal services and social assistance, as well as employment and housing supports.

We know that among evictions due to arrears, 50% were for amounts less than \$800. Yet, there are some

studies that have been done that estimate the cost to rehouse people once they are evicted is upwards of about \$3,000 per household. We also know there are costs included in emergency shelter stays, in community startup benefits as well as costs for landlords for the eviction process, the storage of furniture and moving costs.

This is really what we know. This is what not having adequate housing is costing Ontario on a daily basis.

Ms Deborah Schlichter: My name is Deb Schlichter. I'm with the House of Friendship, and I'm going to outline two areas of concern we want to address with you today and some suggested solutions to those areas of concern where we think there are some cost savings in the long run.

The first area of concern is that there needs to be enough supply of affordable housing to meet the demand. In our area, and in most communities, the demand far exceeds the supply. When we talk about affordability we're looking at the Canada Mortgage and Housing Corp measure, which is the 30% rule. We have some stats in our presentation. The number of people who are paying in excess of 30% is at 42% of renters in Ontario, and 20% of households are paying 50% or more. Those, of course, are not in affordable housing situations. 1310

The common assumption is that people who are on social assistance must be living in subsidized housing. We also know that that's not true. About 17% of people on Ontario Works are actually in subsidized housing. The rest live in private rental and struggle to meet their rental costs.

In our region, we have a coordinated access system, and the numbers on that system as of December 31 are 2.809 active cases. There are a number of other applications in process, so that's an underreported number. So we have a high demand from people looking for affordable housing. At the same time, we have a supply problem, where we have a loss of affordable housing units through either demolition, condo conversion or fires. As you may know, just recently, a couple of days ago, we had a fire in a rooming house and lost some more units of affordable housing.

In our area, the vacancy rate is less than what we consider to be a healthy vacancy rate of 3%. In our area, if you look at the affordable housing units, between \$450 and \$650 a month, the vacancy rate is between 1% and 2.6%, just lower than what is the good, healthy rate. Even though you heard earlier this morning the presentation from the region of Waterloo, where they have an affordable housing strategy to put in 1,000 more units by 2005, that number will not meet the demand that we currently have or will have in the future.

We have some suggested solutions. We want to encourage the government to maintain and grow the supply of affordable housing. We think both are important: to maintain what we currently have and add to what we currently have.

The first bullet: We know that the service manager is responsible for affordable housing, but when affordable housing was transferred, the capital reserve amounts were not adequate. We know there have been studies done across the province as well as in our own area that show that capital reserves are under the level they need to be to cover our costs for the future.

We also are aware that with transferred housing that went to the Ministry of Health and Long-Term Care or to the Ministry of Community and Social Services, they are not getting regular cost increases to their base. It's very difficult to run and operate housing if you do not have regular increases to cover just cost-of-living increases.

We want to see legislation brought back to restrict conversion and demolition of affordable housing units. This is very important because in our area, we lost units. The supply fell by 339 in a year period, and what's being added to the market is not in the affordable range. So even though there's new supply being built, it's not considered affordable housing.

We would like the government to fulfill their election promises by adding additional units of affordable housing, as well as rent supplements, and we want that to begin right away. It's important that we start now, not wait for a couple of years.

We want to see vacancy decontrol, which allows for unlimited rent increases on a unit when a tenant leaves, eliminated. We want to see rent controls come back on new buildings, because the current legislation exempts buildings that were first occupied after June 16, 1998. We want to make sure that rent controls apply to every-

We also want to see the cost-no-longer-borne concept restored to above-guideline rent increases so that onetime expenses such as utility costs or repairs can't be forever included in the rent, even after the expense has been fully paid.

We also want to see minimum wage and shelter subsidies—minimum wage has been increased already, and we want to see that continue to be increased, but it's also important to increase shelter subsidies for people on assistance to actual rates of what the rental housing is. You are fully aware of the cuts that happened in 1995, and there has been nothing since then in terms of increases.

At the same time, the average rent has been going up. We have a chart to show you what the rents are for different size units. We also have a comparison there of what people are actually making on social assistance and what their shelter allowances are, as well as what somebody on minimum wage would be making. You can see there's quite a big difference in what people can afford to

Last, we want to make sure that there is consistent, stable funding for those who work with people to help them find housing. You heard earlier this morning about the non-profit sector and the pressures on that sector. Stable, consistent funding is very important to maintain those kinds of services, especially for those with special needs or those who are hard to house.

Second, we want to make sure that there are supports to housing. While we are providing bricks and mortarand it's important to do that—it's also important to have support services to help people retain their housing. We know that for our region there are a number of people on the waiting list, a large number of people who have special housing needs and can't be housed because there is an absence of supports to keep them housed.

We have some suggestions, some solutions, that we think can help provide stable housing for people and therefore reduce the costs that you will be seeing in other sectors as people are not being housed. We want to make sure there is adequate funding for support services that enable those with special needs to retain their housing. One idea that has already been expressed through your election promises has been around a rent bank. There are a lot of good prevention programs for homelessness and we want to see those continue to be funded. But again, the stable, consistent funding is very important. We know that when we do prevention programs we can keep people housed, and rent banks are a very good process for doing that, but instead of providing a provincial rent bank, you can utilize the ones that are already existing in communities. The infrastructure is already there and we think that would be a very cost-effective method.

We also suggest that there should be ways that tenants on social assistance can have their rent paid directly to the landlord. That will help them keep and retain their housing. We want to see additional support service funding added, and this is for the general homeless sector, the hard to house, not just for those with mental health. There needs to be support service funding and there is no place where that is provided right now.

We know, and we've given you some figures here, what the cost of housing somebody in an institution is compared to housing them in the community with supports. You're saving lots of money by doing it that way, not just in human costs but in actual economic costs. We have evidence already that people who are housed with supports do not use the services as much as they did when they were homeless.

Ms Cathy Middleton: Hello, I'm Cathy Middleton with the YWCA of Kitchener-Waterloo. I am to present the story of Eve to you. The story is in your package. I'm very well aware of the time, so I would just like to reference you to the story of Eve. This is a typical story that we see in our community.

The YWCA also operates and owns the supportive housing program through Lincoln Road apartments, which is permanent housing for chronically homeless and hard-to-house women and women-led families—a very successful program.

I would just point out to you very briefly that in order to house someone similar to Eve it costs us \$9.75 per day per unit at Lincoln Road. Alternatively, to house someone like Eve, with her particular situation and difficulties, would cost almost \$60 per day at the homeless shelter Mary's Place. So I would just bring that to your attention.

Overall and generally speaking, Eve's life and her dignity have remained intact as she has become a permanent tenant at Lincoln Road. We believe that supportive housing is certainly a win-win solution.

Ms Slinger: My name is Gay Slinger. I'm one of the staff lawyers at Waterloo Region Community Legal Services. We're the legal-aid-funded clinic here in Kitchener and we do a lot of housing work with low-income families.

In summary, basically what my colleagues have already indicated to you, we at the coalition very well recognize that there are a number of very pressing and important issues that are facing this committee and the government as you set the budget for the upcoming year. But from the information that we have provided today and in the submission that we've filed, we want you to very clearly understand that we must begin now to address the very fundamental and underlying issue of housing.

1320

It is our position, and it's well justified, I believe, by the various studies that are quoted as well in our presentation, that there are significant long-term savings fiscally—financially—but also as a social cost to our community as a whole, to the province as whole. Without safe and affordable housing, as our presentation will indicate, there are tremendous costs to the province, to our communities, in all kinds of various uses of services, be it all the various emergency services we've talked about, from shelter to food to law enforcement to criminal, tribunal, judicial, to child protection services, food services—health care is a major one. If one is very safely and adequately and affordably housed, the use of those various resources can be dealt with much more efficiently and much more cost-efficiently elsewhere.

Let's not just deal with the finances but also with the quality of life of individuals and families who get housed and keep their housing with appropriate supports. That not only benefits those families but again benefits our communities and the province as a whole.

The Chair: I want to remind you that you have about two minutes left.

Ms Slinger: That should be more than enough time, so thank you. We do applaud the government's move recently to try to take different long-term strategies in dealing with a number of these issues; for example, looking to education and conservation and trying to deal with the very costly and limited resources we have in energy and also in health care services, looking again to education and prevention, trying to deal with it on a long-term basis.

We urge you to look at housing in a similar fashion, that rather than using short-term band-aid solutions to deal with housing issues—simply trying to get people off the street and not visible perhaps—in fact by dealing with it appropriately through providing safe and affordable housing now, starting in this budget year, you're going to see significant cost savings within the next three or four years and onward from there. That's truly where the investment is.

Promises obviously were made during the last election dealing with affordable housing and the providing of housing allowances, a provincial rent bank—one of the proposals here—as well as changes to the Tenant Protection Act. We would very much urge you to begin making good on those promises and those changes now, and those results will be seen in the very near future.

We want your assistance very much in trying to get people housed now and to keep them housed through appropriate supports. It's not enough just to build the housing. The supports are so vital to a number of the very vulnerable and marginalized in our communities to keep them housed, and we urge you to consider that as well in your budget deliberations.

Thank you for your time.

The Chair: Thank you for your presentation this afternoon.

WATERLOO REGION COMMUNITY SAFETY AND CRIME PREVENTION COUNCIL

The Chair: I call upon the community safety and crime prevention council of Waterloo region to come forward, please.

Ms Christiane Sadeler: Good afternoon and thank you on behalf of the crime prevention council for inviting us. I realize you had many requests from across the community, so we're pleased to be able to be here. I believe you have in front of you some slides. Please feel free to follow along. I will endeavour to keep my comments brief, and I will refer to the brochure in front of you right at the end of my presentation.

Just to put in context who we are—I'm pleased to see our local representatives here, because they would certainly be very familiar with the work of the Waterloo Region Community Safety and Crime Prevention Council, but for people from out of town, we have been in existence since 1994. We are funded through regional government and we work at arm's length from regional government as an advisory body on issues concerning the prevention of crime. Our current annual budget is \$270,000, which translates into just over \$1 per household in the region, or as we like to think, a cup of coffee per household in the region for long-term investment in community safety.

The crime prevention council is a multi-sector partnership with 25 members, and these members tend to be at key decision-making levels within our community, representing such organizations as education, police, the crown attorneys' office, health, welfare and many others that we believe have an opportunity to deal with the root conditions of crime.

The crime prevention council has four main goals. We like to think of ourselves as a catalyst, somebody that stimulates communities to become mobilized around community safety efforts. Second, we attempt to engage in what we call strategic problem-solving; this might happen in conjunction with police services at the neighbourhood level or it might happen at the planning and policy level regarding the services that we work with. We engage in public education. The somewhat colourful

brochure in front of you is one of these efforts, in conjunction with the introduction of the Youth Criminal Justice Act, that this community engaged in. Finally, our main goal is to enhance the capacity of the community to stop over-reliance on formal services to decrease crime victimization and fear of crime. We work very closely with neighbourhoods, particularly neighbourhoods that have an association or a more formalized body to engage in these efforts.

Today I want to speak with you briefly about the picture of crime prevention in Canada generally. I know you have had the opportunity to hear from Professor Waller, who is the president of the newly formed Canadian Forum for Crime Prevention, in Ottawa, I believe. I see some nods around the table. I share the vice-president position of that organization with Claude Vezina from Quebec. The first-ever forum on evidence-based crime prevention in Canada was hosted here in Kitchener at the Walper Terrace Hotel toward the beginning of December. That's the context.

Then I briefly will speak to you about the municipal crime prevention situation and the kind of issues that services are bringing to us. I particularly wish to focus on observations and experiences as they relate to funding in social-service-type efforts, the implication for the social development efforts and implications for prevention, and then finally I will make some recommendations on behalf

of the crime prevention council.

The situation in Canada currently is such—and I apologize if this is a repeat for those who have met with Professor Waller. But very briefly, one in four Canadians will be victimized every year by some form of interpersonal crime. That is an unduly high number and an unnecessarily high number. I believe, for a country of such stature as Canada. Violent crime in Canada is still three times the rate it was in the 1960s. The rates of break-ins and car theft are 30% higher in Canada than in the United States. We like to point down south and say, "This is where all the crime happens," but when it comes to break-ins and car theft, we don't fare quite as well as the US. This costs money. Canada currently spends somewhere in excess of \$11 billion per year on police services and criminal justice. That translates to approximately \$360 per Canadian, I'm afraid I don't have Ontario numbers with me: I can make them available to vou, but I believe Professor Waller shared some of those numbers with you when he met with you in Ottawa.

Interpersonal crime costs Canadians \$46 billion each year—this is not counting insurance payouts—and recent estimates from Stats Canada show it could be as high as

\$59 billion per year.

Contrary to public perceptions, I think Canadians do believe that the best examples of crime prevention are the following: support for children and families; recreational activities for youth, and by that I think they mean accessible recreation for all youth, even those kids that tend to be on the edge of our communities; educating families on avoiding victimization, including victimization within the home; community policing and similar efforts.

This comes out of research from Ekos Research Associates in the year 2000 and 2003, and our council recently did a region-wide survey which echoed exactly these results. This is what our citizens tell us they want in order to combat crime.

Seventy-one per cent of Canadians believe that crime prevention is more cost-effective than law enforcement. This doesn't mean that they don't wish for law enforcement but that they wish in the long term to see more prevention initiatives. Yet there are very few Canadian crime prevention strategies which receive consistent and effective support from any order of government. There is a National Crime Prevention Centre and there are some isolated municipal efforts such as ours. I know there was an Ontario Crime Control Commission, but I'm frankly not quite aware of where that is at right now. But the efforts tend to be sporadic rather than comprehensive and strategic.

1330

Now I wish to make some observations about funding and resources and their relationship to crime prevention. These are not my personal observations; these are observations that are brought to us by our key partners, whom we try to mobilize to participate in prevention efforts across the community. What they tell us is that cutbacks have left social services vulnerable and unable to effectively provide core programs, let alone prevention efforts, so prevention has dropped somewhat off the social service agenda. Social conditions arising from these cutbacks will likely result in an increase in crime unless we intervene. The majority of social service agencies have not seen an increase in funding in over seven years despite an increased need for their services. This raises some grave concerns in terms of the quality of service that can be provided for crime prevention and our other social development efforts.

What we frequently hear about at the crime prevention council table is the high rate of staff burnout and the low staff wages, particularly in the not-for-profit and voluntary sector which, in turn, cause a high turnaround within these organizations and a lack of consistency and sustained leadership. It appears that when it comes to seeking funding in Ontario and beyond, in Canada, most staff resources—and this is probably the most significant point—tend to go into moving from short-term funding to short-term funding. Whereas in the past, we may have been in a situation of seeing most staff allocated to the direct service provision, what we see now is a significant amount of administrative dollars being spent on chasing grants and short-term funding opportunities.

People tell us around the council table that accountability appears to be somewhat one-sided. There are very cumbersome reporting requirements for most ministries, application processes tend to be very elaborate, yet there is very little access to the decision-making tables in order to say, "Maybe we can collectively evolve a somewhat easier process." Grassroots initiatives are being depleted because of their lack of capacity to access funding. Filling in, frankly, some of the funding applications from

some ministries for a small neighbourhood group is almost impossible unless they can afford to hire a consultant to do so, which they cannot.

Funding appears to be driven frequently by perceived topical pressure, not so much core values of social justice or, if you wish, social development or quality of life. In the search for new models—and this is what we always hear about in funding guidelines—we have created a disjointed array of short-term projects without a solid foundation or an infrastructure to support these projects. The meaning of partnership, which is mentioned in just about every funding application you could possibly ever wish to complete, has become somewhat diluted because now it's partnership based on funding. Let's partner in order to get the money, not the true sense of partnership by way of building a strong community, as maybe it should be.

Now I wish to briefly turn to "What resource approach creates safe and healthy communities now and in the future?" This is our vision. We believe that we need to balance spending and saving with investing. For a committee on finance and economic affairs, this would probably be a constant resonance, I would hope, around the table. Yes, we need to spend. We certainly need to save for rainy days. We also need to invest in the future. We do this in our personal lives—I know I do; I think we need to do so in government.

Defining social services as key contributors to the quality of life in the community needs to happen, not just as a service to the underprivileged. Social services are part of what happens in our communities. We are all consumers of social services to some degree or another. We need to support the voluntary non-profit sector for its significant positive impact on the health and safety of communities. There are more than 900,000 Canadians employed in that sector. We need to decentralize services for increased efficiency and effectiveness. Much of the administration appears to be at higher orders of government when the actual service provision happens at the grassroots community level. That may not be our most cost-effective and efficient way of delivering services. Finally, we need to develop universal programs which clearly strive to be accessible to at-risk populations. If we say "universal" and we're not accessing the people who are most troublesome to our communities, then we are not truly universal.

Here are our recommendations. We hope that your government will see its way to reinstate a very clear provincial prevention agenda right across ministries, based on what we know to work and what is promising, not a guessing at what might work agenda, but there is ample evidence to show these things will pay off in the future if we implement them now.

We want you to consider implementing the funding guidelines of the Agenda for a Safer Canada to the tune of 5% within five years at all orders of government, and that includes municipal governments. I certainly challenge my local government to do so regularly and so far they've been great.

We hope you will monitor spending and policies for their impact on community safety, victimization and crime rates based on evidence-based knowledge. What that means is that you make decisions as government all the time, in all kinds of areas of spending and policy, which you may not directly connect with crime prevention and community safety immediately, but often they are connected. When we think about the root conditions of crime and the decay within communities that directly relate to those decisions that you take, we hope you will always bear community safety in mind.

We want you to support comprehensive crime prevention initiatives at the municipal level, such as the one in Waterloo region, and these must include an assessment of risk factors, community capacities and action plans. The Waterloo region has frequently been used as a model, and we're certainly willing to share with other municipalities. The requests, I can tell you quite frankly, in Ontario are phenomenal from other municipalities to speak to us. We can barely meet these requests. We hope that the Ontario government can meet the request to begin to put this information out there for them.

We recommend that you provide core funding for core services so that these services can plan ahead and maximize their resources—not three-year funding, not five-year funding, but core funding for what we know to be a service within our community that is needed.

Finally, we hope that you will revitalize the voluntary sector—and I realize this needs to be very much a federal-provincial kind of joint initiative—through stable funding to prevent a constant state of uncertainty and vulnerability of these very worthwhile efforts within our community that contribute to the quality of life.

There are a couple of quotes that I'll let you read at your own leisure.

Finally, I would then like to refer you to this pamphlet, which is one of the initiatives that we launched in conjunction with the start of the Youth Criminal Justice Act. Waterloo region is part of a broader campaign, and within the pamphlet, on the second panel, I would like to refer you to where it says "Crime prevention that works," and what the committee said at the time and still strongly believes, which is that "One of the best ways to do this is to channel energy and resources into removing the factors that contribute to crime—long before anyone becomes an offender or a victim." We believe that collectively across all orders of government we have the opportunity to do so. We hope that you come on board with initiatives such as the Waterloo Region Community Safety and Crime Prevention Council and the Canadian Forum for Crime Prevention in joining this effort.

Thank you for your time. I think I'm within time, if you have some questions to ask.

The Chair: There is a bit of time left. We have time for just one question, and in this rotation it will go to the NDP; about three minutes.

Mr Prue: There are some initiatives that are taking place across the country. I think about the native community that often brings young offenders before them,

rather than go to the court system, where the elders sit, they counsel the young offender, they make them work within the community and they give them tasks to do so they can understand the errors of their ways.

I also think of my own community, where they're doing something somewhat similar for young offenders, those who have petty criminal activities, usually mischief to private or public property, petty shoplifting, graffiti, that kind of stuff: They sit them down with the victim, and the community and the people there counsel the young offenders.

There are a couple of things: It takes out of the court system the expense of lawyers, all the stuff that's involved, but I think more important is the fact that the recidivism rate is markedly lower than if you deal with them in a court system and hugely lower than if you send them to jail. Is this something you or your group would recommend doing as a way that we could help save money from lawyers and police and criminal justice and courts and jails? We're all trying to save money. Will this work?

1340

Ms Sadeler: I'm so glad you asked that question. Sometimes you get scared of questions without being asked. Yes, restorative justice and victim-offender reconciliation is something that the council has supported for a long time. The reason I wanted to alert you to this pamphlet is that when the Youth Criminal Justice Act was put in place, we put in place a 30-person, servicestrong, collaborative initiative to monitor its impact on our community. What we're being told is that we're seeing a reduction in the need for custody beds, but what we don't find is that any of those potential savings are being provided to diversionary and restorative-justicetype programs. We fully agree that they are programs that tend to be highly effective, efficient, probably more meaningful in terms of long-term reintegration and rehabilitation and should really see increased support as we're seeing a decrease of need to invest more at the incarceration end.

The victim-offender reconciliation program actually was born right in this community, in Elmira, and has travelled across the country. We have four directions. We have supported the aboriginal restorative justice program. What we're finding is that all of these programs fall within the category of what I called earlier the voluntary, not-for-profit sector. They are really hopping from funding source to funding source. It is still not being acknowledged as a true alternative core service in the area of crime prevention. We would hope that as the implementation of the YCJA finds its way in Ontario, there is increased consideration given to the kind of programs you're talking about across the country.

Mr Prue: If there is more time, can you estimate or can you give us any kind of ballpark figure—I know it's tough. If we were to spend \$1 million or \$5 million this year, what kind of savings could we expect on that expenditure from the court system?

Ms Sadeler: If you were to expend it on diversionary programs?

Mr Prue: Yes.

Ms Sadeler: I can give you a very rough guess. It costs approximately \$100,000 to incarcerate a young offender within a provincial institution, give or take, if we consider some of the expenses to reintegrate them from within the institution. A diversionary program such as—for example, the John Howard Society comes to mind as a local program which can see anywhere up to, I believe, 300 youths with one staff member, the salary of whom probably would be in the range of \$50,000. I don't know if you can do the numbers as quickly as I can—

Mr Prue: It's 600 to 1.

Ms Sadeler: —but one offender saved essentially could pay for two of those staff people, seeing 600 to 1. The success rate of these programs is exceedingly high. There are failures, but there are certainly significant failures within the incarceration methods as well and those are far more costly, in human and harm terms as well as in financial terms.

Mr Prue: A terrific presentation.

The Chair: Thank you for your presentation this afternoon.

UNITED WAY OF CAMBRIDGE AND NORTH DUMFRIES

The Chair: I would call on the United Way of Cambridge and North Dumfries to come forward. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you wish. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr Ron Dowhaniuk: My name is Ron Dowhaniuk. I'm the executive director of the United Way of Cambridge and North Dumfries. With me as well is Bill Morris, general manager, government relations, for United Ways of Ontario.

First of all, I want to thank you for the opportunity to share with you our recommendations as you prepare your budget. We anticipate some opportunity for questions before the end of our presentation.

The 46 United Ways within Ontario support over 2,000 community-based and social service organizations within the province. This partnership between United Ways and these organizations meets urgent human needs and increases the capacity of our community to care for one another.

United Ways are in the unique position of being at the intersection between business, labour, and health and social services. One of our main strategies is to generate dollar resources to support these organizations. In 2002, \$175 million was generated through United Ways. As we move forward as a United Way, we're looking for opportunities to mobilize the community in a variety of ways, not just for fundraising but in other ways, in order to improve the lives for all, so that we can collectively look at root causes of issues in our communities.

We really wanted to share with you a number of highimpact initiatives that we think are worth considering as you prepare your budget. These recommendations are in the brief. There are six specific recommendations there. We're going to comment on four of them today. We feel that the type of recommendations we have will require a minimum of resources in the initial years and they are also ones that will leverage additional resources.

Our first recommendation is that the provincial budget include measures to increase benefits for Ontario Works clients. Over the last number of years there has been a significant reduction in income for families that are receiving Ontario Works benefits. In 1995 there was a 21% reduction in welfare rates. Since that time, if you factor in inflation, those individuals and families on Ontario Works have seen their income drop, we estimate, between 30% and 35%. At the same time, the rent increase has been significant. According to CMHC, the average rents in Ontario have risen by 26% over the last five years. So that has really put a significant hardship on families who are with Ontario Works, and a disproportionate amount of their dollars is going toward rent and housing.

What has happened? How do they cope with this? They go to food banks. In Ontario last year, food bank usage was up 4.5%. Certainly in our own community of Cambridge over the last three years, the use of food banks has almost doubled.

In conclusion on this recommendation, we feel that an increase in social assistance is long overdue. This would significantly help vulnerable families to be able to afford food, shelter and clothing and also would help alleviate the growing strain faced by food banks and other community service supports.

The second point we wanted to talk to you about today is enhancing the charitable tax credit. Our recommendation is that the provincial budget enhance the charitable tax credit by reducing or eliminating the \$200 threshold on the lower-tier credit for donations.

The number of donors across Canada has been declining. Figures that we're aware of show that there has been about a 4% drop, in the 10 years between 1990 and the year 2000, in those who are making donations, as seen through their tax filing. Within the community of Cambridge and North Dumfries, we know that the number of donors to our initiatives has been flat or in fact has dropped 2% over the last five years.

Research shows that those who make contributions do so mainly because they want to support their communities, but we also know through some research that donors indicated they would contribute more if there was a better tax arrangement for them. We also know that in recent years a reduction in personal income tax has served to erode the tax incentive for charitable giving, effectively increasing the cost of making charitable donations. For example, for lower- to middle-income earners, the combined federal-provincial tax incentive for charitable donations has declined from 43% in 1995 to 37% in 2001. Under the current two-tiered charitable tax credit, donors are eligible for a tax credit of 6% on donations up to \$200 and 11% on donations in excess of \$200.

Governments at all levels are increasingly looking at the voluntary sector to play a larger role in supporting and meeting the needs of vulnerable groups. Additional tools like this one would help us to do that.

In summary on this one, this measure would encourage more charitable giving, help expand shrinking donor bases, particularly among middle-income earners, and it would introduce greater equity in the treatment of donations.

1350

Mr Bill Morris: I'm going to address two issues: affordable housing and the 211 phone information service.

The housing coalition provided significant data for you about impact, so I'm going to dispense with that and move on to some practical suggestions that we'd like to make with respect to the federal-provincial housing initiative.

As I think members will know, the federal-provincial housing initiative was introduced a number of years ago as a cost-shared program, a 50-50 deal between the federal government and the province. We think the program had some very significant shortcomings and we'd like to address those with a couple of recommendations.

First, the program really didn't result in the kind of cost-sharing that everyone expected; that is, the provincial share was never committed to. Essentially, that was passed over to municipalities and the province only committed to forgoing about \$20 million on PST. By doing that, of course, we reduced the number of units that could ultimately be produced through that program and shifted the burden to municipalities.

We think there are a number of initiatives that would allow the province to match those dollars. I know the Liberal government was elected on a platform that included matching those dollars and we'll suggest a couple of ways that we think those matching dollars could be made to improve this program.

First of all, rent supplements: The program did not have any rent supplements attached to it. That meant the housing that was to be produced unfortunately would not be affordable to vulnerable and low-income people. So we'd be having a government program that we were making taxpayer dollar investments in but the people most in need would be unable to access that housing. Rent supplements have been used for many years, both in the private sector and in the non-profit sector, as a way of effectively addressing affordability by providing subsidies directly to low-income individuals and families so that they could afford the housing that was created. We'd strongly recommend that in terms of the provincial matching you consider rent supplements as a way of doing this.

Second, the program did not include any support dollars, and as the coalition mentioned in its presentation, there is a desperate need in terms of supportive housing, particularly for the most vulnerable people in our communities, who don't just need housing but need support services in order to retain that housing and in order to

become more self-sufficient and more contributing to our society. Again, those dollars, we believe, would be a good investment and ensure greater equity in terms of the housing that's produced. One of the ways that we think the province could do this would be to waive the land transfer tax on the housing that's produced. We already waive the land transfer tax for first-time purchasers of new-ownership housing. We think that by extending that exemption to the housing created under this initiative, it would be an easy and effective way for the government to get at some of those matching dollars and do so in a non-cash way.

I'd like to just mention, in terms of provincial numbers, we have about 170,000 households currently on the official waiting lists that are maintained by municipal service providers. So certainly the need is there and I'd suggest that that need should be addressed at the most fundamental level and for those who are most vulnerable.

We'd also like to talk just briefly about 211. I know the committee heard from the United Way of Niagara Falls about this. Very quickly, 211 is a three-digit dialling service that, like 911, connects people by simply pushing three digits on the phone. That easy recollection of numbers means that people can connect to a 211 operator. The service is designed to then allow the person to navigate through what is a pretty complex service menu. We have services that are provided by municipal government, by provincial government, by federal government and by a host of community agencies. Quite frankly, it's a very difficult thing for many people, either people who are vulnerable or people who have never attempted to navigate that system, to find where they want to go. I know that MPPs' offices get these kinds of calls every single day, so you know what I'm talking about in terms of people looking for services and hoping they'll find them at the end of a phone line.

In Toronto, 211 has been very successful. It has also been extremely successful in the United States. There are about 70 million Americans who now have access to 211. We have spent the last two years putting together a five-year rollout plan for Ontario to ensure that all Ontarians would be able to have access to 211.

We'd like to point out that in terms of that initiative, we think that it is attractive for a number of reasons. First of all, United Ways and municipalities are already investing in this area. The province got out of this area in 1995. We think that getting back in and partnering with us would enable us to move up to roll out the 211 service in an expedient way.

Second, in terms of cost savings, right now we have a lot of anecdotal evidence about the kind of wasted time that takes place in every government office in this province by people answering the phone for the call that says, "I don't know whether I'm calling the right number, but," and it goes from there and then someone tries to provide service. By diverting those calls to people who in fact know where to direct people, we can make some significant savings. Of course, the province itself has a number of organizations within its ranks that collect data,

each individually, I might add, and we'd like to suggest that by partnering with us on one good data collection that's done professionally, you have some significant areas of savings that you can look at there.

Advertising is the other area where we have to spend a great many provincial dollars to advertise new and existing services so that the public knows about them. By providing one pathway, we'd suggest that you could look at some savings in that area.

Again, this initiative levers dollars. We think it saves dollars and we think that it provides excellent community service, excellent public service, because it connects people to the services that they are looking for.

I wanted to just add that I know Mr Wilkinson asked a question about where that money might go. This past fall we met with Tony Dean, the secretary of cabinet, to try and get 211 assigned to a ministry, and it was assigned to the Ministry of Citizenship and Immigration. So there is a home for it, and I just wanted to mention that.

We'd be happy to answer any questions that you have

on our presentation.

The Chair: Thank you very much. We have about three minutes left, so it will go to just one party, and in this rotation it goes to the government.

Mr Wilkinson: It's good to see you. Thanks for letting us know about that.

The previous government instituted the regional business offices. Are you aware of those?

Mr Morris: Yes.

Mr Wilkinson: If we went to 211, would we keep those offices, in your view of government services, and then redirect people there, or would that make those offices redundant?

Mr Morris: No, we don't think it does. We've met with the government information offices run by the Ministry of Consumer and Business Services, and certainly they don't feel a threat either. They provide a very vital service in terms of provincial services. We actually work very closely with them in terms of the Toronto 211 service and cascading people to that when it's appropriate. Of course, they are only one part of the puzzle, an important part of the puzzle, but they are set up to do a particular service. We think 211 fits nicely and quite seamlessly with it.

1400

Mr Wilkinson: I agree with you, because in a sense, just to get people to understand that there is that office and there is a number and where it is, it would just be so much easier if we went to 211.

When we were in Niagara Falls, they made the same presentation. You want to roll this across the province. They were saying that they're the next logical place for it to be rolled out because I think they have the infrastructure ready to go. What about in this region?

Mr Morris: In this region there has been a planning committee. Ron, I think you can probably speak to it more than I can. I would just say that we have planning groups in place in virtually every region of the province and a model that certainly sees how those would fit into a

seamless system. But I'll let Ron speak to the local situation.

Mr Dowhaniuk: There has been a local committee that has been looking at this. However, I would suggest that probably the best place to look is the 211 report provincially that has just come down—it was released I think in the summer of this year—about a rollout across a number of communities that are ready to go after the initial pilot in Toronto. Certainly Niagara is one of those communities, and I think the Barrie-Simcoe area is another one.

Mr Wilkinson: Just to refresh all of us, what is the amount of money you're requesting on the rollout?

Mr Morris: To mobilize the rollout is about \$3 million in this year. The full cost is what we're looking for in the budget to be put to the Ministry of Citizenship and Immigration. The full cost of a fully implemented service is about \$16 million in our study. We estimate that about a third of those dollars are currently on the table.

The Chair: Thank you for your presentation this afternoon.

TOGETHER IN EDUCATION

The Chair: I call on Together in Education.

Mr Prue: While they are coming up, could I put the Chair on notice that I intend to file a motion this afternoon?

I hope you heard that: just one.

The Chair: Good afternoon. You have 20 minutes for your presentation. You may allow time for questions within that 20 minutes. I would ask you to state your names for the purposes of our recording Hansard.

Mr John Ryrie: My name is John Ryrie. I am currently district president of the Ontario Secondary School Teachers' Federation, Waterloo. With me today, on my left, is Rick Moffitt, communications officer of the Elementary Teachers' Federation of Ontario, Waterloo, and on my right is Bill Brazeau, president of the Waterloo unit of the Ontario English Catholic Teachers' Association. Jointly, our affiliates make up an organization in Waterloo that we have called Together in Education. For about 15 years we have been working together to advocate the concerns of educators in our local publicly funded elementary and secondary schools. We take opportunities such as this one today to convey to government representatives the state of affairs in our schools. We appreciate the time you are giving us today.

At the outset, and on behalf of TIE, I'd like to thank the present government for Bill 2, wherein \$2.2 billion of taxpayers' money slated for corporations will go instead to sustaining the citizens of our province who need it. We are also better off for your decision to cancel the tax credit for private schools. I'd like to thank you as well for committing \$122 million this year to assist Ontario's most vulnerable students. They need it. And I'd like to thank you for scrapping the legislation which would have exempted seniors from contributing taxes toward public education.

It is in this positive context that we would like to outline our concerns.

Mr Bill Brazeau: Thank you for this opportunity to address the following four concerns on behalf of Ontario's teachers and students: EQAO testing, textbook funding, funding for specialty teachers, and technology to support expectations.

The Education Quality and Accountability Office has an assessment advisory committee comprised of trustees, directors, superintendents, principals, teachers and parent groups. Our representative at the Ontario Teachers' Federation, which is the umbrella organization for the various affiliates, advised us at the OECTA council of presidents last week that the committee is refusing to discuss the issues around testing instruments in use for grades 3, 6, 9 and 10 students and around the methodology used in determining the four levels of achievement.

More than \$50 million is being directed annually to standardized testing in our schools. The results do not justify this tremendous expense. The testing does not account for local anomalies in school communities. Quite unjustly, schools are then ranked in local newspapers. Students and staff who are not in highly ranked schools become discouraged and demoralized.

As a province, we would be far better off if the ministry let local boards evaluate and address their success, or lack of it, with sensitivity to and knowledge of their school communities. Local school boards can identify solutions for problem areas and do all of this at a fraction of the cost of standardized tests. We need the dollars in other areas.

Setting aside the financial aspect, our entire revamped curriculum is being dominated by preparation for the tests, administration of the tests and the post-mortems after the tests. This is a gross misuse of instructional time.

This week, we will hear the results of the court challenge launched by parent groups concerned that the grade 10 literacy test is misconceived and discriminatory, especially for ESL students, special education students and students in applied programs. This particular high-stakes test is needlessly adding to the red ink in government books. I have attached to our submission an article by ETFO entitled Talking about Testing.

My second item of concern is textbook funding. Funding for textbooks in the elementary and secondary panels needs to be increased dramatically. When curricula were changed, condensed and relocated to other grade levels, there was not sufficient funding allocated for resources to support the changes.

At the beginning, many texts were not available, and today we still have some courses that do not have textbooks at all. When they began to appear, they were at very high prices. At the same time, the level of funding was dropping and boards were obliged to take money from other funding envelopes.

Now, newer and better, but more expensive, books are appearing, and the original new texts are in need of replacement. The scenario is deteriorating and needs to

be addressed with new dollars, not dollars reallocated from other areas. The large discrepancy in per pupil funding in the elementary panel and the secondary panel contributes greatly to this problem.

Restoration of funding for specialty teachers: Our elementary students deserve to have access to teachers in art, music, physical education, guidance, library and technology. When these subjects are reduced or eliminated in the elementary panel, and when the number of elective courses in the secondary panel is decreased, we are closing doors to viable careers and lifelong interests for the students of Ontario. Most boards have decreased or eliminated their consultants and itinerant teachers in these specialty areas. A significant number of families in Ontario cannot afford to pay outside of the education system for instruction in these very important areas.

Technology support: The provincial report card is dependent upon technology. Boards require adequate funding and annual increases to this funding. We need adequate telephones in workplaces set aside to communicate with parents, and we need computers and Internet services during the workday to do our jobs. This is a matter of quality education, safety and efficiency.

The Ministry of Education also needs to spend significant dollars to address the huge problems associated with its Trillium computerized reporting and timetable scheduling system. Trillium has caused nothing but scheduling headaches and excessive stress for guidance teachers and secretaries, who continue to spend inappropriate numbers of hours to solve administrative problems, especially in August, September and February. Trillium is simply not meeting the needs—such as access to information, reasons for absences, attendance, schedules or behaviour patterns—of teachers or support staff at the local level.

In summary, current funding for resources is failing our students.

Mr Ryrie: I'd like to talk for five minutes about three budget challenges that can or will impact on Waterloo.

First, I'd ask, are you going to support community schools? The current funding model clearly doesn't.

In south Cambridge, we have a fully functioning high school of 1,200 students. By a highly contentious six to five vote last June, our trustees voted to close Southwood Secondary School in June 2006, largely to allow the board to build a new high school in southwest Kitchener and upgrade other secondary schools in Cambridge.

The inherited funding model does not support keeping all five high schools in Cambridge and opening the new one in Kitchener. We have had a fire of controversy over the closing of this school for over a year. The decision-making process has consumed the energy and focus of the school board and the community and has not let up.

At present, we are getting a mixed message. The minister appears open to the possibility of changing the funding model to allow communities to keep open those schools slated to close, but that's not clear. In the meantime, the board can't plan properly for either eventuality, because there is no firmness to either option. The

teachers I represent need to know what is going to happen in 2006. The indecision is an acid that is eating away at the morale of this particular high school, and in turn is not good for students.

1410

The amount of additional money required to keep Southwood open is reportedly substantial; I won't pretend otherwise. It's in the millions of dollars. You need to decide if your commitment to community schools extends this far, or not. Our board is supposed to know by the fall. In our view, that's too late. We need to know much sooner.

The second challenge links directly with the long-term goal of keeping students in an educational program to age 18, which is the Liberal vision. We used to have three streams of students: basic, general and advanced. Personally, I never liked these labels, but they at least recognized that students arrive in high school with a wide range of abilities. We need programs for each group. The previous government decided there were just two types of students: applied and academic. But this simplistic approach has not worked.

To give just one example, 78% of applied students failed the recent grade 9 test, and almost 50% of all grade 9 students failed this test. There isn't that much wrong with our students. There is something very much wrong with our curriculum.

The one-size-fits-all approach to curriculum is also reflected in the grade 10 literacy test that Bill's already mentioned. There are 28,000 students who are presently at risk of not graduating this year, even though they will have passed 30 ministry-approved courses. Most of these students come from disadvantaged backgrounds. We will not keep these students in school to age 18 if we don't give them school work they can handle, and fair assessment. The challenge for you is to put resources from your budget into revising courses of study, and reinvesting in resources such as shops and apprenticeships so that our less able teenagers are genuinely served by their schools.

The third challenge is possibly revenue-neutral, or a savings in transportation costs. This challenge is to give educators the time to do their jobs. Bill 160 took professional activities away from all educators and took exam days away from high schools. The result has not been beneficial to students, parents or teachers, and here are some of the consequences. The massive curriculum changes were poorly supported, rushed, inconsistent or confusing because no time was given in the school year to in-service the changes. Elementary teachers and parents have been given less opportunity to discuss student progress, which is inherently counterproductive. Additional days for curriculum instruction have been clawed back by days of standardized testing and preparation for the test that Bill talked about. That's a zero-sum game. You gave us more instructional days, but you took them back through the testing, and our students are not better off. Virtually no secondary school has been able to squeeze all of the necessary work associated with the biannual exams into 10 days—and I invite you to talk to

any semestered school and check that out—nor have students been well served by this structure. Semestered schools right now, because we just started, are building the plane as it takes off in coping with and accommodating student results from the first semester. It's not a good way to set up our system.

We need some of the lost days back. We think you could restore four or five of these days, and contribute a lot to students by supporting the educators who need the time to do what you want, which purportedly is

excellence for all.

In my last 60 seconds, I'd like to make an editorial comment. I think it fits with some of the other comments you've heard as you've gone around the province. I find it very curious that, for all of the consternation about raising taxes, no one, to my knowledge, has been able to make the claim that upper-income Ontario citizens really suffered from those higher taxes they used to pay, that they went unfed, unclothed, unwashed, undiagnosed, unhoused or unschooled. I include myself in this group of taxpayers.

In contrast, we know that we have never had so many homeless, or had so many children relying on food banks, or had the lineups for help for special education students, or the long waits in emergency departments, that we have had since we cut these taxes. Ironically, though they don't want more taxes, the people of this province are prepared to give up billions of dollars for their legalized gambling.

I think we've got our priorities wrong. There is a cost to having a civilized society, and the cost is taxes. I think we have helped the wrong people for eight years, and it's

time to clean up the mess.

Mr Rick Moffitt: As Mr Ryrie indicated, Together in Education represents over 5,000 teachers in the Waterloo region, and we teach approximately 80,000 students in 150 schools locally. TIE members are passionate about providing an excellent education to our students. We are proud to be teachers, and are committed to being the best teachers we can be.

The starting point for any meaningful discussion is the Rozanski report and its recommendations. These are not the end point for discussions, however, for while admirable in identifying the inadequacies of the funding formula, the recommendations do not speak to the quality of education we wish to see our children receive. The recommendations do not speak to how we ensure that students receive the best possible education. Simply put, the Rozanski report says we need \$1.8 billion in education to repair the inadequate levels of funding experienced in the last five years of Conservative government.

To know where we are really going, both educators and students need to see a schedule for implementing—

Interjection.

Mr Moffitt: Listen; I didn't expect you to listen now. You didn't listen when you were the Minister of Education, Liz—the Rozanski recommendations as promised by the Liberal Party during their campaign.

The school system of our students also needs to see a mechanism that will make automatic adjustments for inflation, because without this protection Ontario's students will again experience an erosion in funding like they experienced in those five years prior to the release of the Rozanski report.

We need to see a funding announcement for the 2004-05, 2005-06 and 2006-07 school years that will allow school boards to negotiate viable three-year contracts as required by legislation. If the Liberal government is serious about its desire to have a stable educational environment for students and to rebuild teacher morale, this announcement must be made soon.

For a number of years, elementary teachers have been advocating for a reduction in elementary class sizes similar to the levels currently funded for secondary schools. The new Liberal government intends to cap primary classes at 20 students, and we urge you to move on this as soon as practicable. Working with teacher federations and school boards, we can overcome obstacles to the implementation of these smaller class sizes. We hope too that the government will follow this up in the near future with a reduction in class sizes at both the junior and intermediate level as well.

As many of the committee members may be aware, Bill 160 intended to provide 200 minutes of preparation time per week for teachers in the elementary panel. However, there has not been a corresponding connection between the funding formula and the legislation. The current funding provides school boards with the means to cover the cost of less than 140 minutes of preparation time per week. Teachers need the time to prepare for classroom duties, meet with parents, meet with their colleagues, other professionals dealing with their students, prepare report cards etc. Our teachers and our students are being shortchanged by the current funding for this.

An area partially addressed by the Rozanski recommendations is funding for elementary school principals. We hope the government will make a financial commitment to having a full-time principal in all schools. Every school also ought to have both a secretary and a custodian. The school-day presence of these adults is more crucial than ever before in ensuring the safety of school premises.

For special education, the previous government added \$250 million in the immediate aftermath of the Rozanski recommendations, but at least another \$100 million must be added to the funding formula to maintain ISA funding at the current levels. Previous funding was inadequate. Without this funding, our students will once again find themselves languishing on waiting lists for special education. We can't paper over student needs by substituting education assistants for teachers who are specialists in the special education area.

ESL students in Waterloo are also having some difficulties. We need to look at ESL funding. We have four difficulties in this area. Immigrant children arrive from stable countries but speak no English. We have children in our Mennonite communities here in the Waterloo region. We have immigrant children who arrive after spending one or more years in Quebec. We also have a large number of immigrant children who are from refugee camps and have no school experience whatsoever. For ESL funding, we need to return to the five-year funding model. The three-year funding model is not sufficient time for these students to become competent and we need to attach funds to real students, not according to formulas.

I'd like to conclude with some commentary. We seem to have some real or imaginary constraints on funding. It relates to the revenue-expenditure relationship that the government has been talking about a great deal and continues to talk about. We desperately need to rebuild government services after years of chronic underfunding by the previous government. The citizens of the province are aware of this and it's clear that the voters did in fact choose change. We'd like to see change. It's unacceptable for the Liberals to contemplate giving us the same style of government as the recently defeated regime did. Tax revenue must be increased. Our expenditures can't be shrunk any more then they have been shrunk by the previous government. Those who benefited the most from the unjust distribution of tax cuts from the previous government must be prepared to help restore existing services and emerging services. We all understand that being a citizen involves having responsibilities as well as rights. We are citizens who pay taxes; we are not taxpayers who happen to be citizens.

It strikes me that some of the announcements and newspaper reports that we've seen in the last day appear to suggest that those involved in public service somehow are going to be asked to once again fund the government's public costs. The reality is that when those cuts were made, those dollars and cents did not flow to your public servants. Teachers didn't receive huge pay raises; none of the public service did. In fact, that money flowed to large corporations and to people who had higher incomes. Quite frankly, that's the group of people that needs to make a contribution toward moving our services back to where they were.

I'd be happy to take questions.

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The Chair: We don't have adequate time for questions and answers, but the committee thanks you for your presentation today.

WATERLOO REGION HOME BUILDERS' ASSOCIATION

The Chair: I call on the Waterloo Region Home Builders' Association. Good afternoon. You have 20 minutes for your presentation. You may allow for questions within that 20-minute period. I would ask you to identify yourself for the purposes of Hansard.

Mr Scott Gareau: Good afternoon. My name is Scott Gareau. I am president of the Waterloo Region Home Builders' Association.

I appreciate the opportunity to speak with you today to deliver an important message from our local residential construction industry. I would like to talk to you about the key issues our industry feels are important for the provincial government to be aware of and work with us on. Before I begin, I'd like to tell you a little about myself and our association.

I've been involved in the residential construction industry for nine years and am president of Trillium Estates Ltd. We have been developing communities since 1983, and our firm is proud to have developed two distinct communities in Waterloo consisting of over 2,000 homes.

Our home builders' association has three distinct levels: the local association—in our case we represent the Waterloo region—the provincial level, and the national level. My volunteer involvement in the industry has provided me with the opportunity to represent our local home builders' association on the board of directors of the Ontario Home Builders' Association and the Canadian Home Builders' Association, as well as being a member of the Canadian Home Builders' Association's urban council, which was formed to focus on issues unique to large urban centres across Canada.

The Waterloo Region Home Builders' Association is the voice of residential construction in this region of the province. Our association includes 211 member companies involved in all aspects of the industry, professionals that include financial services, surveyors, planners, engineers, marketing firms, suppliers, manufacturers, trade contractors, renovators, developers, and, as the name says, builders. Our local association is the fourth largest of 31 that together form the Ontario Home Builders' Association.

As a group in town here, we have strong relationships with the local municipalities and regional governments and the Grand River Conservation Authority. We have long-standing liaison committees working together on areas we can collectively improve.

A bit about our industry and its impact on the economy: We have estimated that our industry directly employs over one quarter of a million people and contributes about \$30 billion to the province's economy every year. It's estimated that each average housing start generates approximately 2.8 person-years of employment. With 85,000 housing starts last year, Ontario's new-housing industry provided 238,000 person-years of employment.

Locally, our housing market has continued to be one of the key economic engines for the region of Waterloo. The Kitchener market averaged over 4,000 starts in each of the past two years. This represents about 11,000 person-years of direct employment from last year's starts in this region. In addition, obviously our industry supports hundreds of jobs indirectly. In Ontario, it's estimated that each new house generates \$40,000 to \$50,000 in taxes and fees-

Mr Colle: On a point of order, Mr Chair: Did we get a copy of the presentation?

Mr Gareau: No, sorry. I didn't have one. I'll leave some speaking notes. I apologize. I should haveMr Colle: I'm trying to keep some of those stats—

Mr Gareau: I apologize that I didn't bring them. I'll leave the speaking notes, so you will have them.

Mr Colle: That would be fine. Thanks.

Mr Gareau: I'm sure you'll hear them from other delegations.

Mr Colle: It's just that I was interested in the Waterloo numbers.

Mr Gareau: Absolutely.

I was saying that each house generates \$40,000 to \$50,000 in new taxes and fees collected from all three levels of government on the purchase price alone. Again, from our area's 4,000 starts, that is over \$160 million in tax revenue to governments from our construction, as well as the ongoing property tax revenue.

At first glance, you may think our industry is a healthy, vibrant one that does not need much attention from our provincial government. Yes, our industry experienced a record number of starts last year, but there are some real underlying issues that haven't been addressed for a number of years, and they will have an impact on the industry's performance in a very real way, which will have a direct impact on the economy.

I would like to speak to you on four key issues of importance to our industry, and comment on a couple of existing programs. The four key issues I'd like to cover are infrastructure investment, growth management, skilled labour shortages, and taxation, everybody's favourite.

I'll start with infrastructure investment. The fact that there is now a Ministry of Public Infrastructure Renewal is positive news to our industry. It's a recognition from the provincial government as to the importance of infrastructure investment.

Our region has grown tremendously, and our infrastructure investments have not kept pace. When we look at the area of transportation, our region requires a longterm investment commitment. The new interchange that's under construction at Highway 7/8 in Kitchener is an example of a project that is long overdue and so much needed in our region. The entire link from the 401 to our community is at a level that is impacting the quality of life by increasing the amount of time that people take to move around in our community. Transportation links are extremely important in achieving balanced growth. It is critical that the government ensures efficient transportation links between neighbouring communities—for example, between our region and Guelph, which is a critical one—as well as that mass transit is reasonably priced. Our region's transportation network within the region and the links to the Toronto region are in need of infrastructure investment in order to maintain a balanced level of growth and quality of life.

With regard to the province's investment into infrastructure, I ask that you recognize the importance of our region's economy and commit an investment level that's on par with other communities. I respectfully ask that the Ministry of Public Infrastructure Renewal not focus solely on the greater Toronto area and ensure that

investments are made in our region.

The Waterloo Region Home Builders' Association is also in full support of the government's promise to allocate two cents per litre of the existing gas tax toward transportation infrastructure. While we understand that the government has tough choices to make with regard to the \$5.6-billion deficit, we urge the government to go ahead with this promise as soon as possible. We further recommend that if the full two cents per litre cannot be allocated this year, it be phased in over time.

I'd like to now talk a bit about growth management. As our community has grown over recent years, the issue locally of growth management has come to the forefront. Locally, the regional municipality of Waterloo has developed a growth management study that has already had an impact on our local industry in that it has limited the amount of residential land. With this restricted supply of residential land, we are concerned about the affordability of homes in the region. One of the most attractive characteristics of living in our community is the affordability of homes and the quality of life that comes with it.

One of the central components of our region's growth management plan is the goal of intensifying downtown core areas. Building residential construction downtown, which is typically high-rise buildings and typically on brownfields, is challenging. Our industry is committed to working toward adjusting to being able to undertake these types of projects. Predominantly in our area, we are residential builders. We will need the commitment of the provincial government to work with ourselves and the regional and municipal governments as a collective group to change the way we all operate in order for these types of lands to be developed successfully. We are very willing to offer consumers a wide range of housing choice, given the practical capacity to do so.

Now I'd like to talk a bit about the skilled labour shortage. The shortage of skilled labour is a major concern for the construction industry in Ontario. It has been a top concern for our members over a number of years. The number of young people entering the industry is not offsetting the increasing number of skilled tradespeople who are retiring. Informing and educating the public about opportunities available in the construction industry, as well as dispelling some of the negative stereotypes associated with skilled trades, is a major challenge for the industry and the government.

Our association locally is proud to have five of our builders working with the local school boards on programs to help introduce students to the residential construction industry. Each of these builders is having homes built by students. Working right alongside the actual tradesperson, the students are hands-on and building these homes from the ground up. Students in their first year of the program work on all aspects of the house and then later on they get to choose which specific trades they're interested in.

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This local program is working and has grown over a number of years. However, a larger effort is needed in order to solve the skilled labour shortage that the industry is facing. We're asking the province to make this a priority and do what it can to help solve this problem. This is one of the problems I talk about. While today it seems fine, guys are building—we're building 85,000—believe me, to anybody you talk to in this industry it's a real problem that is going to turn around, and we're not going to have the capacity to carry on building. It's a real issue that has got to be addressed.

Taxation: New housing is the highest-taxed industry in Ontario after tobacco and alcohol. Excessive regulation and over-taxation in the home building industry have pushed the price of new homes higher and higher, which in turn has put home ownership out of the reach of many families. Total taxes, fees and charges paid by the home-buyer can be up to 30% of the cost of a new home. Our industry cannot absorb any further taxation. Just so you know, there are fees for when the applications are made for plans, you've got development charges, you've got taxes, you've got all the GST. There are taxes throughout there. When you think about the taxes and fees, they're everywhere.

We understand that the provincial government does not support further tax reductions at this time. However, there is one tax that is very onerous. It's the capital tax. The capital tax punishes investment, costing jobs and deterring investments and innovations. Capital taxes are punitive and unfair, as they do not reflect profitability. Asset-intensive industries like real estate are severely penalized. The previous government's commitment to eliminate the capital tax sent a positive message to the business community, and this commitment should be kept.

There are two other programs I'd like to talk about which we feel should remain as they are. One is the Tenant Protection Act. In the past year, Ontario has finally turned the corner in the production of private rental housing. Investors are returning to this market, and private rental construction of new units is increasing. Since the Tenant Protection Act was introduced in 1997, private rental starts have increased by 400%. In addition to this new supply, landlords have invested over \$1 billion per year on upgrading and maintaining existing rental properties across the province.

From 1999 to 2001, our local market had one of the lowest vacancy rates in Ontario. It was less than 1%. It was leading the country, up there with Toronto and Ottawa. Now, for the second straight year in our area—the Kitchener CMA rental area—the market has eased significantly. The 2003 apartment vacancy was 3.4%, which is up sharply from 2.3% the year before, in 2002. This is proof that the Tenant Protection Act is working. The proposal by the provincial government to repeal this act would have devastating consequences on the new rental construction industry.

The final program is the land transfer tax rebate. We're concerned about the potential changes to the land transfer tax rebate for first-time buyers of newly built homes. Since its introduction in 1996, rebates totalling approximately \$196 million have helped more than

135,000 Ontarians purchase their first home. This has certainly contributed to the strong growth experienced in the new housing market. Our association supports provincial initiatives to target growth toward brownfield and infield sites—that's great—but our membership is concerned that any changes to the land transfer tax may place new housing out of reach for many young families. We recommend that the province investigate other means of either providing consumers with a tax break for purchasing in new housing target areas and targeted growth or providing builders with incentives to build in these target areas of the province.

That concludes my presentation today. I'd like to thank you for your attention and interest in our presentation. I look forward to hearing any comments, and I'm happy to answer any questions.

The Chair: We'll begin with the official opposition, and we have about two minutes per party.

Mrs Witmer: Thank you very much, Mr Gareau, for that presentation. I'd just like to take another look at the skilled labour shortage. I know the builders in this community have done an outstanding job of partnering with the schools. Is there more that you think we need to be doing at the provincial level in order to respond to your need in the homebuilding industry for skilled tradespeople?

Mr Gareau: I've had experience through OHBA and CHBA, talking to folks. You say, "This is what we're doing about skilled labour in our area," and other people say, "Yeah, we're trying to get a program off the ground as well," or "We don't know how to address it," or "We're not dealing with it." From the provincial level, there's obviously not an initiative or support. It's very grassroots. Perhaps our board is very motivated toward that, whether it's teacher-driven, saying, "I want to get kids involved." It seems like it's haphazard across the province. It's certainly not a coordinated effort province-wide from education. Education is one aspect. The other aspect of the problem that we're dealing with federally is the immigration side of things, to get more people here.

Mrs Witmer: What are the areas right now where you're suffering a severe labour shortage?

Mr Gareau: I think bricklayers is one area. I'm not a builder, so I'm not hiring these guys day to day, but bricklayers, drywallers, framers. It's pretty much across the board. I know bricklayers are always the key ones, but it's across the board, and it's the perception of what trades are. When you get into it, it's a great industry. Anybody I've actually met who's involved in it, they're all entrepreneurs. It's more than just swinging a hammer, which is the perception of it.

Mrs Witmer: I had a chance to visit, and the students are thriving in that environment itself.

Mr Gareau: Absolutely.

The Chair: We'll move to the NDP.

Mr Prue: Of the 4,000 starts you've built in this region in the past year, how many of those were rentals?

Mr Gareau: I don't know off the top of my head.

Mr Prue: Is it safe to say it's about the same as the rest of the average in Ontario, about 3% or less?

Mr Gareau: I would think we're probably higher over the past year because there have been a number of rental projects built, as I indicated. You can tell by the vacancy rate that there have been—

Mr Prue: No, the vacancy rate has nothing to do with that. Don't give me that. You don't know how many?

Mr Gareau: I don't. Sorry.

Mrs Witmer: It probably is higher.

Mr Gareau: I would think it's higher, just by driving around and looking at what's under construction.

Mr Prue: So it could be 4% or 5%. You could have built up to 200 units. How many units of rental property were taken out of the system in that same time through condominium conversion and demolition?

Mr Gareau: I'm not sure.

Mr Prue: Today we heard there was a net decrease in rental properties in this region by 338 last year. Obviously you didn't build very many.

Mr Gareau: I can't comment. I don't have the stats.

Mr Prue: OK. Why would you think the Tenant Protection Act, which does nothing to protect tenants, is working? Is it simply on the basis of the vacancy rate or is it based on anything else, like the eviction rate?

Mr Gareau: My thoughts on it are that it's from-

Mr Prue: There were 228,000 applications for eviction last year in Ontario.

Mr Gareau: OK. I'm not going to challenge you on this.

Mr Prue: It's not because you're building any properties or because that act helps you build those properties. That's a non-factor, is it not?

Mr Gareau: No, I think the fact that there is an opportunity, from a business case, for somebody to invest, purchase land, buy and build rental projects and operate rental projects on an ongoing basis—that act has changed to make the economics work a bit better in order for somebody to go out and build a new rental project.

The Chair: We'll move to the government.

Mr McMeekin: As I listen to various presentations in committees like this and in my own riding, I'm trying to get a feel for the balance. I heard a lot about profit; I heard a lot about conditions. If the good Samaritan hadn't had money, no one would have remembered him, I suppose. But all of that aside, I was listening closely to hear anything about social responsibility, social housing and whatever commitment the home builders might be prepared to make. Specifically, in fairness, what conditions, what initiatives, what sort of programs or incentives can government be working with you and other associations to put in place so that we could partner together to meet some of the social housing needs that exist in the community? I think Mr Prue was beginning to get at that, but let me ask it directly. What sense of social responsibility does your association have, and do you have any suggestions for us as to how we can partner to advance that particular aspect of the housing market?

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Mr Gareau: To answer the first question, I think if you get to know us there's a social conscience. I'll use an example in the region of Waterloo.

Mr McMeekin: I'm sure there is one. I just didn't hear it.

Mr Gareau: No, but there is one. There are subsidies, grants and incentives that are there from the province and the regional governments that make up X amount per unit and it's based on having the builder commit to a reduced rent. Those programs are there. I'll give you an example of one: Cook Homes. Ian Cook got into that program and has built some homes. He has worked with the region on it and there are programs out there that he has actually taken advantage of and is building.

What I think needs to be done is let's roll up our sleeves and get down to it. Our builders are capable if given the capacity to do it. Let's roll up our sleeves, look at the numbers and get builders in place. Yes, there has to be economics. There are risks and costs to constructing things. We're not here looking for a handout to do it. We're happy to sit down and roll up our sleeves. I think our organization has approached the government. The Ontario Home Builders' Association certainly has, in terms of working, and the Canadian home builders' is certainly willing to sit down and work to solve these problems.

The Chair: Thank you for your presentation this afternoon.

INCOME SECURITY WORKING GROUP

The Chair: I call on the Kitchener Downtown Community Centre Working Group. Please come forward. I'm sorry—I'm out of order myself here. The Income Security Working Group, please come forward. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you wish. I would ask you to state your names for the purposes of our recording Hansard.

Mr Murray Lumley: My name is Murray Lumley. These are two friends and neighbours who are with me. I'll try to go through my part as quickly as possible because I want to give them the bulk of the time. My little presentation is called Enable People to Pay the Rent and Feed the Kids. The other document that goes with that is a separate document that is stapled and is called the Income Security Working Group of Hamilton Statement of Goals: Campaign for Adequate Welfare and Disability Benefits.

Thank you to the members of the Ontario Legislature's standing committee on finance and economic affairs for providing us with the opportunity to speak to you about a matter of much gravity to the well-being of many Hamiltonians and Ontarians. I recognize my MPP Ted McMeekin and Judy Marsales from Hamilton. We've met before. I'm not sure if I've met anybody else. I'm accompanied, on my left, by Carol Ann Nelson of Freelton and, on my right, by Darlene Burkett of Dundas.

We're all members of and represent the Hamilton Income Security Working Group's campaign for adequate welfare and disability benefits, which we want to tell you about.

We've been meeting and working biweekly since last March to produce the statement of goals that you have before you and I'll refer to briefly in a moment. Campaign membership is diverse and includes our friends and neighbours who find it necessary to be on social assistance. Other citizens have joined in this campaign out of concern for the suffering we see all around us. These include members of the provincial Interfaith Social Assistance Reform Coalition (ISARC), which I'm a member of, which has conducted social audits in Ontario communities including Hamilton in 1997 and 2003; members of legal and community clinics; the Hamilton Social Planning and Research Council; members of helping agencies such as Good Shepherd, Welcome Inn community centre, Wesley Urban Ministries; church groups such as the School Sisters of Notre Dame, the Catholic diocese of Hamilton, the Unitarian Church, the Christian Reformed Church and members of other churches and faith groups. All of us are speaking out on the extreme poverty in which our friends and neighbours find themselves due the inadequate food, personal and shelter allowances provided by Ontario Works and the Ontario disability support program, and the low level of the minimum wage. Thank you to the new government for beginning a sequence of raises to the minimum wage. As you know, welfare rates were cut by 22% in 1995 and there have been no increases for inflation despite everrising costs of living.

I now refer you to the Statement of Goals, the stapled two-page document you have before you, which represents the distillation of five months of discussions at our biweekly meetings. This statement is primarily directed at the levels of government that provide the funding for social services. We're very aware that municipalities like Hamilton have had much of their social services responsibilities downloaded on to them by more senior levels of government, such as the province, and that is why we are here, while also appealing to you. I presented this to the city too and I think that line is still directed to the city of Hamilton.

Our Statement of Goals begins with an appropriate preamble entitled "Let's Care for Each Other." Under the heading "Framework for Reform," is mentioned the inadequacy of the previous provincial government's service delivery model which we know by the documented experience of those served is more bureaucratic and less helpful than it should be, resulting in some leaving the system for the street.

This heading is followed on page 2 with our long-term goal, and I'm not going to read that. I'm want to save time, so I'm going to skip that little part of the paragraph that you can read for yourselves.

Then the long-term goal is followed by short-term goals for Ontario Works, for the Ontario disability support plan, and some goals that apply to both OW and ODSP.

Joanne Santucci, a resident of Hamilton, is the director of the Hamilton Food Share program and she has come to speak to our group as well. She has said in the Hamilton Spectator that an average of 15,000 Hamiltonians visit our seven food banks per month. Hamilton's social planning and research council reports that over 100,000 people, or more than one fifth of Hamilton's population, are living below the poverty line, and ever-growing numbers of these have no alternative but to augment their food requirements via food banks.

We hope you agree that more than one fifth of Hamilton's population living under these conditions is an unconscionable and intolerable situation. The campaign calls on the new Liberal government of Ontario to seriously examine the goals we have spent so much time producing and to act on behalf of the most vulnerable of our citizens, who have been so shabbily treated over the

eight years of the previous Ontario government.

We think there is no other solution. I'm sure you are aware that Canada has signed on to the United Nations Covenant on Economic, Social and Cultural Rights, as well as the UN's Universal Declaration of Human Rights. Both documents guarantee citizens the right to shelter, adequate food, and other social and cultural rights. Right now, many of these basic rights are being denied to a huge Hamilton and Ontario constituency. We call on Ontario's elected Legislature to make one of its priorities over the next few months the adoption and promotion of the set of goals created by citizens of Hamilton and

Thank you. Should we just carry right on through the three of us?

The Chair: Yes, please.

Mr Lumley: OK. I'd like to give the time to Darlene.

Ms Darlene Burkett: Our heading, "Let's Care for Each Other": It is disturbing that our cries cannot be heard at the federal or provincial or city levels of govern-

In 1994, I was involved in my second car accident. I was left with no social supports due to no-fault insurance. I had no family.

In 1994, I managed to pick up a few computer courses and a co-op job placement at St Mary's High School. I took out bank loans to consolidate credit card debts. I paid up loans and was financially in good credit standing.

In 1995, when the cuts to welfare family benefit allowances were implemented, I was breast-feeding a newborn, but I was only eating twice a week; in good times, once every two days. To do laundry, I boiled clothes in a pot over the stove. Feeding my family of three was very difficult. Food from the food bank was past the expiry date most of the time, including baby food cereal. It was quite a parental moral decision to make. I was forced to max my credit cards to cover diapers and food for my family. I lost my good credit rating.

My health deteriorated severely, so I applied for the Ontario disability support plan or ODSP. My application, of course, was denied twice. At this time, I had fibromyalgia, which is a muscular disease, severe arthritis in my right hip, moderate disk generation in my spine, and moderate depression and chronic pain.

Only after the third application and with the help of the legal aid clinic and my MPP in Dundas was I able to receive my ODSP benefit. I shared an asthma medication inhaler with my four-month-old daughter. This was considered appalling by the MPP's office staff, and unacceptable to all.

1450

This system, as it remains to this day, not only affects myself but my children as well. It is difficult to tell my children they cannot partake in school trips, hot dog days or pizza days because there is no money. Being socially excluded and isolated from other children, it is hard for them to bear the stigma of poverty, which is difficult to hide from.

My son often asks me, "Why should I try at school, Mom, when we can't afford to send me to college or university? My teacher says I have great potential." What is a mother to say? Our lives have been potentially destroyed by the Social Housing Reform Act of 2000-01. I challenge all of you here to look into this act to see how potentially harmful it is to families and to the future of children.

I would like to emphatically state that my case is not an exception. There are tens of thousands of families who are being oppressed by this system, and 400,000 children are living in poverty in Ontario. The percentage of child poverty in the Hamilton area alone exceeds the national average.

What can be implemented throughout children's lives to help them continue their education and become responsible citizens? Do the children get rolled over to the next generation of hardship? Are we a caring community? Are we a caring government at all levels?

Ms Carol Ann Nelson: I'm a very analytical person. I was an accountant by trade, so what you've got before you is very detailed.

You wonder why food bank usage is on the rise. This is the very reason: Rents in Ontario under the Tories skyrocketed nine times, between 2.9% and 3.9% yearly. That means 27% to 32% more on our budgets was not implemented.

Many of those people who were on Ontario Works were untrained. You do not have the proper supports around them. Many ODSP recipients are being evicted from their homes. Sometimes it is due to not having the minimum incomes to cover the average Hamilton rents of between \$472 and \$713, according to the stats of the Social Planning and Research Council of Hamilton-Wentworth, while the government helped itself in the previous election to a 25% increase. Some time in the future, your Ministry of Housing could devise a standard tenant application and renewal free of discrimination for all Ontario tenants.

How has the Progressive Conservative government used the 22% clawback it took from the poor in 1995? They gave themselves a 25% raise.

As you see in the detailed sheet, cuts to welfare rates in 1995—for a single person, the rent allowance was \$325. Compare that to a bachelor, at \$472. It does not match. I've given you some specific details there.

If the government will not take the 25% back off the government employees, consider restoring the 22% to the Ontario Works and the Ontario disability programs and increase the living allowance according to the standard-of-living increase, which is about 13% from the time the Tories came to government in 1995 to 2004. The total increase is about 35% from 1995 values to 2004 standards, possibly payable over the next three years.

Clients of residential care facilities should have an increase in their allowance of at least \$50 a month, which they are able to keep and spend on personal needs. All residential care facilities should be 100% subsidized. Raise the rent allowance to meet the Ontario Mortgage and Housing standards of Hamilton, or whatever model city in Ontario you choose, so people do not use their food allowance to keep a roof over their heads. Raise the rent-geared-to-income apartment quota to meet the demands. The last government clearly stated it was not in the housing business, and we have fallen behind in building low-income housing these past nine years.

ODSP clients receive two parts of their cheque monthly: the shelter allowance, which should reflect the actual rent including hydro, heat, car insurance, apartment insurance and parking. The other basic needs should be spelled out—how the government expects a person to spend that budget. In your packet there you have a budget near the end there. It shows you the different breakdowns of how the spending could be implemented. Explain to us how you expect us to spend \$420 or \$416 on those basic needs.

Child care subsidies in unlicensed care facilities should be from the \$390; from zero to five years; up to \$450. Those that are aged six months to 12 years should be up to \$400.

I'm skipping because I know we're out of time here. Yes, we all need to pay for elected officials, roads, health care, child care, environment, agriculture, correctional facilities, new energy resources, home care and policing. Even insurance should be under the control of the government. But not to provide for the poor of this country is very disgraceful.

If people are unemployed due to downloading or their jobs are taken from them due to free trade and the companies leave the country, the unemployment insurance should bring back the old Manpower retraining program. Work with the federal government to reinstate the old Manpower retraining program with the funding from the unemployment insurance which people have paid in to for years. There was a surplus in that department for a number of years. The actual training will bring into play the assessment of skills of people and actually give them a better advantage in getting a job in the future. In our lifetime, computers have taken over many jobs, yet the people of Ontario have never had any training in this area. You can't expect people to apply for a job they don't have the training for.

No person should have to get permission from the social workers in Ontario disability and Ontario Works before they can attend medical appointments that a physician or other medical personnel sends them to, nor get permission to be taken in an ambulance. Mandatory special necessity benefits should be reinstated with new principles. Remove the mandatory special necessity forms and let the physicians give their prescription pad notes to OW and ODSP for special necessities such as Ensure, needles for diabetics and special medicines. The word "mandatory" should not be in the vocabulary of the Ontario government.

Eliminate the mounds of paperwork ODSP recipients have to file. Some people who are receiving Ontario disability have very little education, some are illiterate, some are physically or mentally challenged, and they should not have to supply all the paperwork that is now mandatory to receive benefits that they are entitled to as Canadian citizens. They are medically disabled for reasons their physicians have deemed necessary, not the social worker, who does not have the medial background to overrule the doctor. Since when did the social workers have a degree in medicine? Under the Tory leadership social workers in Ontario Works and Ontario disability programs have been given far too much power that they do not have the education for.

Restore the travel allowance to the Ontario disability support programs from the increase of 18 cents to 30 cents per kilometre for gas, repairs and vehicle insurance, which have risen since 1995. City bus passes or tickets should be given to every Ontario disability and Ontario Works client if they are using public transportation. Please use one half of one per cent of the gas tax for those who need the car allowance or public transportation so that this cost can be on the province, not on cities.

Further, people on Ontario disability have been told that they have not been able to get some of their prescriptions because they are not on the approved list. Some are not receiving dental care.

The Chair: You have about two minutes left in your presentation.

1500

Ms Nelson: OK. Winter clothing allowance should also extend to parents and children who already have a clothing allowance for the winter. Single people do not have enough money to purchase new things and must resort to second hand clothing. Please allow \$200 per adult, and for the children, which can be paid in August and October for the winter supplies.

This is a very sore spot for us, because we live in the rural area and Hamilton has only subsidized homemaking in Hamilton if you live 15 minutes from the downtown core—I live 40 minutes away. We need the province to reinstate their 80% goal to help match the 20% our city has for housekeeping. A lot of us are not under the new community care access mandate, because we don't need personal care.

Please give some training in medical disabilities to social workers at Ontario disability and Ontario Works. Most don't understand what we have to put up with on a daily basis. Then we get deplorable and discriminatory vocabulary thrown at us when we come and ask for help.

Lastly, with regard to tenant applications and renewals, no tenant should have to surrender income tax information to a property owner or manager. Income tax is a federal jurisdiction, and the province under the Tories has violated the Privacy Act by requesting that this information be submitted as part of the rent-gearedto-income application. Ontario Works and Ontario disability clients report all income to their workers monthly, and it should only be they who give the verification for their clients. A social insurance number is a private matter between the income tax department and an individual person. Please remember that those receiving Ontario Works and Ontario disability support payments give back to their community by spending practically every cent you invest in them. So we are supporting our local economy.

The Chair: Thank you for your presentation this afternoon.

PAY THE RENT AND FEED THE KIDS WORKING GROUP

The Chair: I call on the Kitchener Downtown Community Health Centre working group. You have 20 minutes for your presentation, and you may leave time within that 20 minutes for questions if you so desire. I would ask you to state your names for the purposes of Hansard.

Mr Charles Nichols: My name is Charles Nichols.

Donna Marie: My name is Donna Marie.

Ms Christine Traves: I'm Christine Traves.

Mr Nichols: For the record, we are the Pay the Rent and Feed the Kids Working Group, which operates within the Kitchener Downtown Community Health Centre.

I'm not going to regurgitate our written document. Our recommendations are there for you to see. You've heard them from other people pretty much all day, I imagine: Raise the amount for OW, ODSP, the minimum wage.

We come at it from a different view, though. Most of the people you've heard today work for agencies. We don't. We're volunteers. The agency works for us, actually. We're the poor. We're the ones trying to fight and find a way to pay our rent and feed the kids. We live with the consequences of your decisions. We're the ones stuck trying to figure out how you make an OW cheque last all month. The last time I checked, it just isn't possible.

I hope you were listening to the two ladies who spoke just before me. I think they said it very eloquently. Please remember how you felt listening and, if you can, put yourselves in their shoes and communicate that back to your fellow legislators. When you put that knowledge and that heart into creating a budget, I feel fairly safe that this community, the coalitions that serve the poor and the poor themselves will be content with your budget.

If you have any misunderstanding, let me make this perfectly clear: Being poor sucks. That is our nightmare. I've slept under a bridge. I don't ever want to have to go back. I spent 18 years on ODSP, and I finally found a way to get off; I finally found someone to hire me. But it was a government-funded job. When the funding ended. so did the contract. Now my EI is gone, very recently. Folks, I'll die before I go back on ODSP. I'm not going through that hell again.

There are a lot of things you can do that will make life better for the poor. I know you've got some tough decisions to make. Everybody wants a bigger part of the budget: more money for health care, more money for housing and education and, God knows, that deficit thing. Tough decisions. We can relate to you. I know a bit about deficit financing too. I've got the credit card bill to prove

We're willing to partner with you. Throughout the election I heard Liberals saying, "Choose change." Ontarians did; we chose change. I heard the Premier say, "We want to work with communities." We are the community, and we'd welcome a chance to work with you people. We will invite our local representatives to our meetings, sit down and get acquainted. I think the most we can do is let you know what it is like to live in Ontario.

Ladies, have you got something you want to add, or do we open this for questions?

Ms Traves: One of the things Charles brought up that I thought was really important was that other groups have recommended more interest in health care. Because we are volunteering with a health centre, we've really become aware of determinants of health, such as housing. If you don't have a roof over your head, you're not able to get your children or yourself in a situation where you're going to succeed and have a good future, and a lot of parents try very hard.

Social programs are good. Most Canadians have voted that they do approve of social programs. Here we have a comment from number 5 of our requests, which is to stop clawing back child tax benefits from parents on social assistance. As a single mother in our group told us, "I have \$226.40 clawed back every month from my child benefits, so I think I contribute more to social programs than the average taxpayer!" This is an adult in this community with two children who is living with \$550 a month for rent. While you're in town, feel free to get the classifieds in the paper and look at apartment costs. It's pretty tight. If that mother had that \$226-a-month clawback, it would really improve housing substantially.

Another comment from our group that I really think we should be highlighting—Donna, are you interested in talking about this?

Donna Marie: There's a comment here, and I'll just read it: "I don't want to blame anyone, but the government is responsible for policies that are horribly neglectful. It hurts. It hurts bad." I guess I'm not reading it exactly, but it really hurts.

I don't know if you know what it's like to try to make ends meet with not enough money. You have what looks reasonable to your mind. You're sort of a budget master after you've been on any kind of system, or you think you are or try to be. How do you find housing within the rate? If you do one thing, I hope you will provide a reasonable amount of housing for people to be able to live. How does somebody on social services find housing for \$325? Where do you find that? How do you find that? What if you can't find people you can live with?

The only way you can find it is by living with people, some kind of arrangement. If you are trying to actually get your needs met, you're going to try to make an arrangement with somebody who has a little bit more than you have, maybe a generous family. But then you are in a subservient position again. You're always on the bottom and you're always fighting and striving and trying to just make ends meet. If there could just be enough to meet your housing, food and basic needs, if there could just be a little bit more, a person could manage a budget.

1510

I'll be honest; I was on social services for a few years, and all that time I was working part-time, trying to do my best. In that time period I had an injury that made it necessary to apply for ODSP and it was extreme bureau-cratic BS. It was really difficult to get on and really difficult to find a way to work the system. I had people really rooting for me, a variety of different people, but it's so incredibly hard. It's embarrassing, it's humiliating and it feels like somebody has always got their hand on top of your head and you can't look up straight. There's never quite enough, and somebody bigger than you is always ahead of you out there. I'm sorry, I feel like I could be explaining myself better. It's very oppressive; it's very difficult. It's hard to explain. You'd really have to be there.

I just hope that everybody who takes this concern seriously will take a bit of time and talk in more detail to at least one person who has been on social services. I hope that you will have compassion and realize that it's extremely difficult and it's humiliating. Your health goes down. I guess I should just read this directly.

Before the Harris government, I never struggled with serious thoughts of suicide. After they were elected, I started to be afraid that I would really act on my suicidal feelings. I never felt tempted to lie or steal or compromise my values, but when you're on the bottom, it's like standing on a stepstool. Before Harris, I felt I could just reach what I needed to meet my basic needs. Then they kicked the stepstool out from under me and I couldn't reach things any more. It's like you're jumping and jumping, and just when you think you might reach it, they jerk it away again.

That very closely reflects how I feel and how others feel as well. I don't know what more to say. I want to have time for people to ask questions.

The Chair: Thank you very much. Is your presentation complete?

Ms Traves: We're done.

The Chair: I just wanted to ensure that. We have about three minutes per caucus and we'll begin with the NDP.

Mr Prue: I should let you know I moved a motion last week, after hearing similar talks, about having the clawback restored to those who deserve it. I hope the committee will agree. We'll vote on that on March 10 and send it to the finance minister.

Having said that, we've had a number of deputations come forward, and I'd just like to hear your views on this, in terms of ODSP, and possibly Ontario Works as well, that would allow people to earn money while they're on that system. Right now there's a cap of \$160 for ODSP per month. It has been suggested that the cap be removed, or doubled or tripled or some amount. Can you tell us what that would do to a person on ODSP, if you were allowed to earn, say, an extra \$500 a month? How would that affect your life?

Mr Nichols: My gut says that I'd want to go earn that money. We don't want to be on assistance. Most of us are there through no fault of our own. I'm legally blind and I found a way to get a job, but it took putting in a lot of volunteer hours. If I'm willing to work for nothing, then if somebody will hire me, hire me for a part-time job. I'll work part-time. But when it's at \$100-whatever a month, it's still worth the employer's time to hire me. That's like one or two shifts a week.

Mr Prue: If I could add, they've also told us— Donna Marie: Could I answer that too?

Mr Prue: Sure; absolutely.

Donna Marie: I was just talking to an employer. I'm on ODSP and I try to work to be able to afford my housing. My housing is more than \$100 over what I'm allowed. I think if a person is on ODSP, their housing costs need to be covered, within reason. If I'm getting a \$1,000 one-bedroom apartment, maybe they don't have to pay all that, but the market rate cost of housing needs to be covered. As well, you should be able to work, if you can work. If you're on ODSP, you're on ODSP because you're not in normal functioning gear to be able to work, or at least to be able to work full-time. I don't feel I should be forced to work if I'm on ODSP; if I can, yes, but I shouldn't have to do that to be able to have housing and food if basic housing costs can be covered at a reasonable rate.

Also, a person should be allowed double or triple so they can cover the extra costs of their medical situation. The government doesn't deal with nutritional problems and they don't cover the cost of vitamins and nutritional things and sometimes that's the only thing that actually works. Instead of medication, a person may need a chiropractor, and that's not covered. There are all kinds of people with back and neck injuries and you have the extra expense of physiotherapy, of the gym, of a chiropractor and things like that. Other people with other disabilities have extra costs that the government does not pay for.

If they can work, I think it's good. They should be able to make enough to cover their costs, at minimum, and to be able to afford a new set of clothes sometimes instead of trying to find it where you can get it free or for two bucks and not really finding the right thing, throwing

it away and needing to go shopping somewhere else. You begin to not have control even of your time. It's chaos.

The Chair: Thank you. We'll move to the government.

Mr Peterson: Thank you for your personal presentation and your personal examples. It's been said that a government will be measured by how it looks after its disadvantaged and poor. I hope this government has more sympathy than the last one.

Interjection: It would be hard to have less.

Mr Peterson: My question to you is one of ignorance because I haven't lived in your shoes. If we got you to this minimum level of sustainment and we got back to the funding prior to the Harris days, what is the next step in terms of assisting both your self-esteem and your ability to function in the economy? By the way, sir, I compliment you on what you've achieved against all difficulties. Thank you for telling me your story. If you have any other suggestions on how we can go to the next stage, I'd appreciate hearing them.

Mr Nichols: Let's get you through the first one first. I can poke lots of lines at the Harris government. Right now, we appreciate what the Liberals have done up to this point. It's been October to February; it hasn't been a lot yet. We do appreciate the little bump in minimum wage and we're looking forward to having more. The next step, after having enough to live on, would be hous-

ing, seriously invest in building homes.

Mr Peterson: Is there any specific type of training or any specific type of access to things that are being cut off from you because of the discrimination against the poor

that would assist you?

Mr Nichols: Training helps. It depends on how you do it, how it's delivered. There are training programs out there right now. Even the ODSP had one. Maybe it still does; I don't know. It's not very flexible, like trying to put a square peg in a round hole. We want responsive supports and we're working with community agencies to get them so that we're not forced to fit your idea of what we ought to be.

Mr Peterson: So there's no empathy in the delivery of service in terms of helping you and helping individuals?

Mr Nichols: I've rarely met anyone with empathy that works in a government office; I'm sorry. Actually, I'm not. I just wish you'd hire better people. I'm available, by the way. My resumé will be sent to you.

The Chair: Thank you. We'll move to the official opposition.

1520

Mr Arnott: Thank you very much for your presentation. I think you've made a very good case for the concerns you have and you've expressed them extremely well. I appreciate the contribution you've made to this committee. You've laid out some of the recommendations that you feel need to be acted upon by the government. Certainly the new Liberal government has an obligation to follow through on the commitments that it made during the election campaign, and now that our

party is in opposition, it's part of our responsibility to attempt to hold them accountable for the commitments they've made.

You mentioned the minimum wage, and of course it was \$6.85 for quite a long time. I was always of the opinion that the minimum wage needed to be a living wage, but at the same time we needed to be competitive with competing jurisdictions so we didn't lose jobs. But recently it has come to my attention that most of the jurisdictions that we compete with in terms of investment, whether they be other provinces in Canada or the neighbouring United States—it is time for an increase in the minimum wage and it's something that I have supported.

The increase is about 30 cents an hour, if I'm not mistaken. So if you assume somebody works eight hours a day, it's still only \$2.40 a day more than what people were making under the previous minimum wage. I know it's the commitment of the government to move toward \$8, but I guess we also have to be concerned about the

ability to create jobs.

I'm sure you're aware that under the previous government, about a million new jobs were created. That created opportunity for a lot of people and it's something—while I would never say our government was perfect—I think we are all quite proud of. The success of the province has been something that I think we can all, including the newly elected Liberal members, be pleased with, because without a strong, vibrant and growing economy, people don't have the opportunity.

Mr Peterson: Do you have a question?

Mr Arnott: I wanted to express my appreciation for your presentation. Thank you very much for coming.

The Chair: You have about a minute, if you care to respond.

Mr Nichols: I wonder how many of those jobs you created went to people who are poor. I would say this to every government at every level: What jobs did you create? Where were they? I'm not an economist. I'm not sure which jurisdictions we do directly compete with, but I think the minimums, whether it's minimum wage or OW or ODSP, have to be indexed.

I would favour a progression to where we get not just \$8 an hour but a little beyond. We've recommended \$10. I'd have to talk to some professor at one of the universities to ask, "Where's the point of diminishing returns? Where is that point that it starts slowing down the economy?" I haven't heard anybody yet tell me, "Because of that 30 cents an hour, I'm not going to hire somebody."

The Chair: Thank you for your presentation.

Mr Nichols: Thank you for having us. We look forward to the budget.

ONTARIO ASSOCIATION OF ADULT AND CONTINUING EDUCATION SCHOOL BOARD ADMINISTRATORS

The Chair: I call forward the Ontario Association of Adult and Continuing Education School Board Adminis-

trators. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within those 20 minutes if you wish. I'd ask you to state your names for the purposes of Hansard.

Mr David Neumann: Dave Neumann.

Ms Brenda King: Brenda King.

Ms Slavica Veletanlic: Slavica Veletanlic.

Mr Ken Leppard: Ken Leppard. The Chair: You may begin.

Ms King: My name is Brenda King. I've travelled to Kitchener from Cornwall, Ontario, where I am the principal of adult alternative and continuing education for the Upper Canada District School Board.

Today I come to express to you concerns of the Ontario Association of Adult and Continuing Education School Board Administrators. I presently serve as the president of CESBA. This is an organization which represents educators in the public, French, Catholic school boards. They are a very inclusive organization.

I'm particularly pleased to have with me today Slavica Veletanlic. She is an adult learner and will serve as both my expert witness and my evidence today as I speak to

you.

I also have Ken Leppard with me. Ken is the principal of adult programming in this community, in Kitchener. So it's nice to have a local person with us. And I have Dave Neumann with me, who is the executive director of CESBA. Many of you will know Dave from his years in the provincial Legislature.

Mr Colle: And the former mayor of the great city of Brampton.

Ms King: We have provided you with a brief entitled Achieving Our Full Potential. It is not my intention to read the text to you. I have been a teacher for many years and I discovered that hardly anybody ever learned from having someone read to them. However, I do draw your attention to a number of the items in this brief, particularly who we are and the number of programs that continuing education programs offer in school boards. Those include adult basic literacy, adult English as a second language, a secondary credit program for adults as well as extensive programming in employment preparation to get people back to work and retrained. As well, we work on system-focused projects such as after-school literacy, family literacy, summer school—projects that assist the traditional learner in the mainstream schools.

I would want you to understand as I go into this presentation that our delivery in adult and continuing education is cost-effective, highly accessible, creative and entrepreneurial.

Last night I read in Hansard that the challenge Minister Sorbara issued you as you initiated your task was to envision a cornerstone of a long-term approach to government, and that was apparently to focus on excellence in schools, health, and ensuring that Ontarians achieve their economic potential by building a highly skilled workforce. I am pleased to tell you that adult and continuing education is indeed part of the solution you seek. I am here with a message of hope. I am here with a

message that things will improve and we are there to help.

We know that children are better able to be academically successful with parents who are literate, stable and employed. I've just had an opportunity to listen to Dr Mustard and his presentation recently that reinforces that idea. Educated adults are informed adults, and as such are better equipped to deal with the challenges of today's health care system.

Ontario has a workforce. In some cases, this group only needs to retrain, retool and become educated and then indeed they will be the highly skilled workforce we are looking for. We need to break down language and academic barriers that prevent Ontarians from achieving our full potential.

At present, the Ontario government provides less than half the funding to adult secondary students that they do for their younger counterparts in the mainstream schools. I respectfully appeal to your sense of logic. It does not cost half the amount to purchase computers, textbooks and learning resources. Teachers do not accept half the pay to teach adults. Heating and maintaining our buildings is not half of that which is incurred for youth. Last week I paid the snowplow bill for one of my adult learning centres. The fellow didn't say, "It's OK, Brenda, you just have to pay half." He wanted full payment for his work.

Adult secondary school was fully funded until 1995. I'd like to suggest to you, bold as it may seem, that 10 years have gone by and it's not too late for us to restore equity to that area. What a wonderful celebration it would be 10 years later to say, "We made a mistake. It's not too late to fix it. Let's get our adults trained and give them the same level of delivery as young people."

1530

I also request that your committee hears from CESBA about adult English-second-language programs. They are fast approaching a crisis situation in this province. Currently, school boards are the primary deliverers of adult-second-language instruction. In fact, where I come from in Cornwall, which is a secondary immigration centre and we have an enormous number of new Canadians join us in that city, we are the only deliverer of English-second-language instruction.

Adult not-for-credit English second language is the only educational program in the province of Ontario that receives no accommodation grant. What I mean by that is that schools and organizations get the money to pay to house their programs. English second language receives none of that. It is a serious concern these days because our mainstream schools no longer have space. They no longer have space for the adult English-second-language learners to have classrooms there. I am leasing space for those learners, as are my counterparts across the province. I ask that you would reconsider this, I ask that this budget would at least make an attempt to find some sort of equitable solution for our new Canadians.

Every day I work with new Canadians who were skilled tradespeople and professional workers in their

home countries. Getting these people quickly back to the workforce would go a long way to achieving our full potential. We must give our new Canadian immigrant and refugee population the language skills to be full partners in their children's education if our future does depend on Ontario kids meeting high standards.

Earlier I introduced you to Slavica. She has a wonderful story to share. It's a story of courage and it's a story that I hope will contextualize the message that I have

shared with you.

Ms Veletanlic: My name is Slavica Veletanlic and I have lived in Canada for three years. I'm currently a court agent or office clerk and I have been interviewed for a courtroom clerk position with the Ontario Superior Court of Justice in Kitchener. My family and I have completed our Canadian citizenship classes and have passed all necessary tests.

I am an Ontario secondary school graduate with high honours and was the recipient of the principal's award and received an administrative assistant internship certificate from the Waterloo Region District School Board's Open Door Secondary School for Adults.

If someone had told me 14 years ago that I would be addressing a group of dignitaries representing the parties of the Ontario government to extol the value of adult education in Ontario, I would never have believed it. But I am here before you today to give you a brief glimpse of my past and to demonstrate the value that our adult education programs in Ontario have had for me and my family.

Prior to coming to Canada, I lived in Yugoslavia. Both my husband and I were successful in our professions. I was a criminal and corporate lawyer and my husband ran his own business selling small agricultural equipment. Life was good and we had everything that life could provide. However, war soon destroyed our lives. My husband and I are from varied ethnic backgrounds and new ideas of ethnic cleansing dictated that this was no longer acceptable. Friends mysteriously disappeared, homes were bombed and raided. It became apparent that we would be next.

Under the pretence of a family trip to the country, we fled to Germany with our seven-year-old with just the clothes on our backs and our lives. We lived in Germany for six years and were just beginning to rebuild our lives when we were told the war was over in Yugoslavia and that we had to return to our country. Although the physical war was over, the hatred, intolerance and prejudice were very much alive. Shortly after our return, my daughter's life was threatened and the police officials would do nothing to protect us.

We left again, this time never to return. We came to Canada to rebuild our lives with nothing but memories, a few treasured possessions and a handful of pictures of

family and friends from the past.

Just for one moment, close your eyes and imagine losing everything: your homeland, your property, your career and your success, everything except your family members. After all of that, imagine coming to a new

continent where you are supposed to start a new and different life. You are not able to speak English. Your diplomas and education are not recognized and you must live on social assistance. As a consequence of the difference between my successful past and my new way of life, my early days in Canada were very dark and I was depressed all the time.

I then enrolled in the adult ESL program at the Kitchener Waterloo English School. At first I cried a lot, thinking that my life was over and there was no hope of a future for me here in Canada. But, within a short period of time I was able to speak, read and write the language quite well thanks to the dedicated staff and the programs offered by the board of education and the Kitchener Waterloo English school.

I then made the transition to the Waterloo Region District School Board's Open Door Secondary School for Adults, where I continued to gain valuable skills and credit courses that would allow me to enter the Canadian workplace. I studied for more than a year to gain up-to-date computer skills, business English, and accounting skills. I was able to obtain an Ontario secondary school diploma, which demonstrates my success in the Ontario educational system. My studies ended with a five-month co-operative work term at the Ministry of the Attorney General's office as a court office clerk.

You cannot imagine the joy this brought to my life. When I first spoke with Karen Heipel at Open Door I had given up all hope that I would ever work in the legal field again. I didn't even want to consider the possibility for fear that my hopes would again be crushed. However, now I was able to return to my field of expertise and able to rebuild my career in the field in which I so passionately served in the past.

When I came to Canada, my family and I survived from month to month with the money we received from the social services program. In addition, we had loans that the Canadian government gave us to pay for our plane tickets, health checks and all other costs to establish our lives in Canada. Since we did not have the money to pay for costly education, I would never have been able to start to work so quickly and to become a productive member of Canadian society without having this great opportunity given to me by the programs offered by the board of education and supported by this province.

One month after I started to work in my co-op placement I was offered a contract position and was able to support my family without the help of the social assistance program. Thanks to our provincial educational programs for adults I have been able to move forward with my life in my profession and to completely pay back my loans to the Canadian government ahead of time.

My dark days are now behind me, and my dream to be back in my profession has become a real possibility. The future again looks very bright and full of promise. My five-year career plan is to become a justice of the peace.

I highly appreciate the chance that was given to me by the Ontario government and I'm very grateful for the government's support of these adult programs. Thank you very much for your patience and thank you for tolerating my accent; it still needs to be improved.

Ms King: Last week Slavica became a Canadian citizen.

We have more that we could speak about. You have our brief. I'd be pleased if you had any questions for us. I also want to say that I'd be very pleased if any of you had a thought as we spoke and would consider contacting me to discuss and find out more about how it can be that these people, who do such a great job, get such inequitable funding.

The Chair: We only have time for one question, about two minutes, and it goes to the official opposition.

Mrs Witmer: Thank you very much, Mr Hoy. I feel really privileged to have that one question.

I want to begin by congratulating you, Brenda, and all of the people at the table.

I had the good fortune to be involved with CESBA and I visited many of these adult learning programs. I'm quite familiar with Open Door, and I would just encourage the government members to take a look at the requests that are being made. I can assure you the money is being put to tremendous use—people who are coming from other countries, people who want to get their education. It really does allow them to move forward with their lives. It allows them to start providing for themselves and for their families. If there's one thing I'd leave you with today, it's please, please seriously consider these recommendations and do what you can to provide the appropriate level of funding.

The Chair: Thank you for your presentation.

ONTARIO ASSOCIATION OF HOSTELS

The Chair: I call on the Ontario Association of Hostels. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within those 20 minutes if you wish. I ask you to identify yourself for the purposes of Hansard.

Mr Martin Massey: My name is Martin Massey. My vocation is with the Salvation Army. I am an executive director with the divisional headquarters of southwestern Ontario, and I operate a shelter and counselling division within Brantford in Brant county.

I first offer my apologies that my colleague Mr Fred Hagglund, who is an executive director with Mission Services, could not be with us today. In our front-line work, sometimes your schedules get changed very fast, and that happened today. I also apologize that I did not bring enough copies, I believe, for everyone. However, in saying that, as I sat back and looked, I didn't know I was to have such a large and attentive audience. I only wish I had that at my morning chapel services. So I thank you.

As I've sat here this afternoon, I've seen you attentively pay attention to people. There are certain people I have listened to this afternoon who have spoken volumes to you. They spoke from the heart. We at the Ontario

Association of Hostels have a membership of 125. That's not people; that's centres that belong to our organization. We go from Thunder Bay to Ottawa to Windsor and all points in between, and we're very closely aligned and collaborate with OMSSA, the Ontario Municipal Social Services Association. Many of you, as I looked around this afternoon, have attended our conferences, and we appreciate it.

That is the essence of my talk with you this afternoon. I would very much like to speak from the heart, but prudence tells me to follow the directives in front of me, which has been put together collectively by our members and the support we hope to have.

Hospitality: It sounds like a five-star hotel ad for a great weekend or vacation package, and if this were true, I am sure that you can immediately see the link with the economics of our province. However, as a provincial association representing hostels and outreach services to the homeless of our province, our presence here today may seem further afield from the realm of finance and economics.

The word "hospitality," however, which has its roots in the nomadic lifestyle of the Middle East, is a reflection of practices and an attitude of life that would open a little oasis in the sea of inhospitable surroundings as a place to find refuge and comfort. Hospitality was vital in such a hostile desert and desolate environment. It was a shared experience, a coming together of a host and a guest. The guest provided news of the outside world and the host offered protection and food.

The English word "hospitality" comes from the Latin root "hospitium," which in turn comes from the word that carries the meaning of both guest and host. The words "hospital," "hospice" and, yes, even "hostel" come from the same root. It is no wonder, therefore, that many hostels now refer to the homeless men and women and children who arrive at their door as guests.

Just a mere two years ago, in 2001, the Ottawa Mission, which is a member of the Ontario Association of Hostels, opened the first Ontario hospice centre as part of the shelter for those homeless who are in the last stages of life.

Recently, CBC ran a documentary on a guest of that mission, entitled Glen's Story. I think many of us have seen that. It touches the heart. This 15-bed facility has seen 34 guests who have entered into their final stage of life and died while surrounded by hospitality, and Glen is one of those.

In the latter part of 2000, a listing of hostels in Ontario was compiled by the social services department of the region of Ottawa-Carleton, listing some 86 shelters operating throughout Ontario, from Thunder Bay to Windsor, then back over to Kingston.

In Toronto alone, there are some 32 shelters operating. Today, Toronto supports far more shelters and hostels that are city-funded alone.

The Ontario Association of Hostels has grown; I have already referred to 125 shelters, plus liaison with some 30-plus other shelters and homeless outreach programs.

Just within the last few months, communities such as Elliot Lake and Red Lake have contacted OAH, because new shelters are being established within those communities for the very first time.

In London, as part of their community plan on homeless issues and to meet the need of the homeless, they are currently seeing an expansion of the Men's Mission shelter operated by Mission Services of London, from 79 beds to 164. The Salvation Army Centre of Hope is replacing our facility, which is very aged, of 100 beds with a new facility of 234.

Shelter capacity over the last five-years-plus has gone through the roof. It is not untypical to see occupancies at 124% to 133% over capacity. Mission Services of London's Men's Mission and Rotholme Women's and Family Shelter have last year operated on an average daily occupancy of 133% and 130.3% respectively. The Men's Mission has experienced a 63% increase in demand for shelter beds over the last six years. There is an appendix which goes with that.

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Likewise in my community of Brantford the demand for shelter and support services has increased 114% in the last three years. Compared to our sister cities, our community is much smaller and we do not have the multiple resource systems. There are only three shelter operators—the Salvation Army, St Leonard's and Nova Vita. The main problem is educating the community. Smaller communities tend to believe that homelessness is only a big-city problem. In essence, as the malls here are situated on the city limits, as persons walk through the malls they do not see the homeless. Likewise in the downtown centre of Brantford, the retail stores have moved away from the downtown into more profitable areas. We can assure you that for the homeless this is not the case. Many homeless people and those at risk gravitate to the smaller communities searching for help. Research has shown that persons feel that they are lost in the larger community. They are what is termed "fallen through the cracks" of our society and are often denied services. Therefore, they migrate to the smaller communities, such as mine, hoping for more immediate help with their life and social issues.

Having worked in Hamilton, I know they, too, suffer the same logistics that are contained within this report. The Salvation Army Booth Centre in Hamilton has increased its ratio from 72 beds in 1997 to 105 beds in 2001 and have recently added 30 more emergency beds. Mission Services, Good Shepherd and the Wesley Centre have recently followed suit. These centres, including our own, have initiated social work and support services, to include intense case management, intake, assessment and referral to assist those people who come to us in need. In this we hope to stem the tide of those who are continuously homeless. These people have a right to affordable and safe housing with support services. The days of the hostels being recognized as "three hots and a cot" are long past. With closing of programs due to lack of funding, we are the new institutions. Many centres, including my own, experience great difficulty in attaining sustainable funding for our programs. Therefore, we rely heavily on municipal and community awareness and funding initiatives.

What is not included, not only in the Brantford report or this report in general, are those at risk. There are many people, families and single parents within the communities who are considered at risk. These persons often earn minimum wage or are on social support systems. Many of these families and single people pay approximately 80% of their income on shelter and utilities. This leaves them then with very little for food. The Salvation Army, where I am, has initiated a community meals program and raised my food budget from \$18,000 a year to \$60,000 a year. I used to have-just as a side notewhen I first went there three years ago, maybe 10 walkins a week from the community, asking for a meal. I now feed 50 a day. A lot of those are young families with children. It breaks your heart to see them. Added to this is a bag lunch program. We do that through CMHA and Ontario Works. They are for families that have been placed in motels under the emergency housing act. persons who are travelling beyond city limits, and children who are attending schools who are in the emergency housing program.

Also, what this report does not contain or take into consideration are the out-of-the-cold programs that are run and operated by private organizations—for example, churches which open their doors to take in those who do not have shelter in the severe cold and the severe heat, I might add. Nor does the report contain statistical information on emergency beds, respite beds, drop-in centres, VAWs or special care centres for those who suffer from physical or mental health issues, who include those suffering from concurrent disorders who are awaiting treatment or transfer to detox centres.

We have not even begun to tackle the numbers in Toronto. I'm sure, ladies and gentlemen, in your travels you've heard the stories, and I don't need to reiterate. Our representative in Toronto informs that there are 66 shelters that are city-funded and -operated. Again this number does not include any of the aforementioned emergency services.

There are many parts to homelessness: education, skills training, mental health issues, immigrants-new Canadians, I should say-and, yes, economics. The challenge of a family trying to move out of a shelter and back into the community on the existing Ontario rates is often a long shot at best. Market rates for housing combined with too little affordable housing or rentgeared-to-income housing make this an economic challenge. I might add at this point, which steps a little beyond what is written: Rent geared to income-I run a shelter for single males 18 and older. They come through the reintegration programs or step from institutions to us. Because they are considered homeless, they're not eligible for rent-geared-to-income housing. The simple fact is, they do not have an address and they do not have three pieces of ID. That accounts for a lot of it. A maximum of \$325 for housing and \$195 for personal needs moves us often into the realm of impossible. The 21% cut in social assistance that occurred under the previous government is still having a tremendous effect. In London, social services are telling us that the OW caseload is continuing to drop, but the shelter caseload, and those individuals coming to our shelter services because they have nowhere else to go for safe housing, is going through the roof.

In the smaller centres such as my own the need for social support is growing. I will add this: that the city fathers, as I've termed them, in Brantford, the Ontario Works and the social workers in Brantford are tremendous. They are trying their best. They're one of the few municipalities that I've had the privilege of working in that pulled people like myself and the Salvation Army and other non-profit agencies, and they bring us to the table, and they make us aware of what has been going on, and they ask us—I've been 30 years in my field—for advice and they ask for help with the new initiatives. I strongly commend them. They're doing a fabulous job with what they have to work with. They rely on people such as myself and many others in the community.

The economic plight of those who are homeless in our communities across the province is staggering, not only to them personally, but also to other aspects of the system. A recent study by the Richard Ivey School of Business at the University of Western Ontario cited "that it must wake up to the problem of homelessness, which steals \$68 million a year from this city in lost economic development and costs to its justice and health care communities and a much higher toll in human lives." If this government is truly committed to a budget that is responsible and clearly addresses the issues of economics, what better place to start than with ensuring that all citizens have adequate housing, food, clothing, education opportunities and health care? What better place to start than taking the position that homelessness is not an option for the people of Ontario?

Shelters across the province and those who are members of the Ontario Association of Hostels have, for years, opened their doors to strangers, to bring hospitality, safety, shelter and food. They have for years rejoiced when individuals and families are reunited into the community that offers them safe and affordable housing. We have also shed tears of disappointment when a Steven or a Sally returns to the shelter because they didn't make it this time, or the heartbreak when you know someone from the shelter dies on the street.

The shelter system in Ontario is your greatest resource, it is stretched to the limit, it feels the pressures of over-occupancy, the lack of funding, yet it creates and will continue to create opportunities such as crash beds, which have been instigated in London, to engage those homeless on the street with mental health issues and more and more individuals who are discharged from the provincial psychiatric units, or the Ottawa Mission Hospice, which gives that final place as a home for those who are dying on our city streets.

We must continue to have an acute awareness of those who have fallen through the cracks within our society.

We must also be cognizant of the severity of a very present and real situation, where the newest generation is being born between the cracks. Young mothers are reentering the homelessness system, having been homeless themselves either through abandonment or even with their parents. They are now bringing with them their children into the hostels. A child raising a child within the shelter system is difficult for most of our society to comprehend, yet in our world it is very real and is the primary example that pertains to the seriousness and complexity of the word "guest" and the devastating and incomprehensible challenges they face at the hands of the system, and the challenge we face as caregivers.

The Chair: I'd like to interrupt you and remind you that you have two minutes left for your presentation.

Mr Prue: I wonder if we could have unanimous consent—I think he's only about three minutes away—to allow him to finish.

The Chair: Do we have unanimous consent? Agreed. You can finish.

Mr Massey: Thank you so much.

Mr Peterson: With two minutes for questions. **The Chair:** No, we're just allowing him to finish.

Mr Massey: May I go directly-

Mr Prue: No, no, finish the whole thing.

Mr Massey: I'll go to the key messages. These are the key messages for the budget consultation.

Every citizen of the province of Ontario has a right to safe, affordable, appropriate, decent and permanent housing. Shelter allowances and/or accessible rent supplements must reflect market rents. There must be timely, easy access to support services needed to maintain independent living; as an example, community mental health workers, addiction treatment and aftercare.

There needs to be recognition of the need for adequate emergency shelter and services until this permanent housing is in place. That means provision of emergency shelter, or separate facilities such as motels etc, should be mandated in all municipalities. The per diem funding system should be reviewed in light of what it really costs to operate an emergency shelter. Just as a note, I get \$38 per diem and it costs me \$45 to house a person. The level of funding should fully support the level of services purchased.

There is a need for all ministries with a mandate to respond to the most significant issues of homelessness to do collaborative planning, funding and monitoring of appropriate services. This includes:

—The Ministry of Community and Social Services for basic emergency shelter and support services for the homeless;

—The Ministry of Health for mental health and addiction services needed by most of the population of the shelters for singles, and for appropriate hospital discharge planning protocol. And that goes for incarceration too and Corrections Canada. It should also be noted that emergency shelters have become an inappropriate default system for many health services;

—The Ministries of Energy and Natural Resources: We respectfully request that emergency shelters be granted a special reduced hydro rate. I understand the deficit of Ontario Hydro, but just for an example, we're capped at 4.3 and my bills have gone from \$1,800 to over \$3,000 a month. We fully understand the Ontario Hydro dilemma in that we have to withstand the increase to alleviate the deficit; however, if the increase is too great, many shelters will close:

—The Ministry of Corrections to ensure appropriate discharge planning for housing and services;

—The Ministry of Finance to ensure the financial

It is with these key messages that we invite you as the standing committee on finance and economics to participate in the hospitality of a great province that can be even greater, a province that truly, through its policies and funding, opens doors of hope for the homeless and disadvantaged of our communities. We, the Ontario Association of Hostels, member shelters and providers across the province are skilled and eager participants to ensure that we meet and maintain those objectives.

I thank you very much for allowing me the time.

The Chair: Thank you for your presentation.

Now, we had notice of motion by the official opposition—

Mr Peterson: Mr Chair, I have been excluded from making a notice of motion—

The Chair: Is that a point of order?

Mr Peterson: Yes, it's a point of order. I've been excluded from making a motion because I have not had a chance to get the floor. I'd like unanimous consent from this committee to have a chance to make a motion today.

The Chair: Do we have unanimous consent? Yes.

Mr Peterson: Thank you.

The Chair: You will follow the rotation on this.

Mr Colle: Can we see a copy of that, please?

Mr Peterson: It will be handed out.

The Chair: We'll return to my original statement that we had notice of motion by the official opposition. There will be two minutes per party in total.

Mr Arnott: As the Chairman has indicated, earlier today the member for Durham, John O'Toole, indicated to the committee members that our caucus has a number of motions that we would wish to table with the committee for consideration while the report writing takes place. While I didn't serve on this committee throughout its public hearings, I have been briefed by Mr O'Toole and some of the other members of the committee. I had a chance to serve on the committee last week in London. Or was it two weeks ago when we were there? Two weeks ago. I'm sure for those of you who have served the whole time, the weeks have gone by. But it's a committee I've had a great deal of reverence for, having served on this committee in the past. I was vice-chair of the committee when we were in government.

The motions are before the members, and I know there are a number of additional motions. We've tabled, I think, 25, and there are another approximately 15 to

come. I'll just very quickly go through the motions for the benefit of the committee members.

We, as a caucus, feel very strongly that we need a balanced budget law.

The Chair: You have about 80 seconds.

Mr Arnott: We need a commitment not to add to the debt. We need to ensure that value-for-money audits are put forward for new program investment. We need to hold the government accountable in terms of its promise to cancel ineffective programs.

We are asking the government to reduce insurance premiums commensurate with its promise. We are asking the government to pay down \$5 billion of debt in this term of office, as they promised. We've asked for an audit of the Workplace Safety and Insurance Board's

operations.

We've asked for property tax rates for business properties to be addressed. We've asked for changes to the education property tax that would benefit the people of Ontario and changes to business property taxes that would be beneficial to the economy of Ontario. We're asking that the government maintain the employer health tax exemption at \$400,000 for small business. We're asking that steps be taken to ensure that small business has access to insurance and that more steps are taken to provide immediate relief on escalating insurance costs—

The Chair: Thank you, Mr Arnott. These motions

will be dealt with at report writing.

As well, we had notice of motion from Mr Prue.

Mr Prue: No, I would like two minutes on this.

The Chair: I'm sorry. Two minutes for comment.

Mr Prue: I've had a chance to review these recommendations and I really do find that some of them are completely at odds with the others. If you read the first recommendation in particular, it is to hold a province-wide referendum to attain taxpayer approval to institute new programs. Then, on the inside, there is the request that the new programs be implemented, such as hiring 8,000 nurses, such as nurse practitioners, hospitals, money, Ontario drug benefits and schools.

I have to tell you that I find this rather bizarre. I think that by the time we get to March 10, the official opposition should come down on one side or the other. Do you want this government to institute its programs or do you want them to balance the books and keep their commit-

ment to the taxpayers' federation?

We have stated that we think if you're going to break a promise—there are 230 on one side or one on the other—that the issue is clear. The official opposition should be just as clear. You can't tell them to do a whole bunch of things and then tell them they can't do it because they don't have any money and they can't raise the money. I hope to hear which side you're on by March 10.

1610

The Chair: Comments?

Mr Colle: First of all, I want to thank the members of the committee for being on this 14-day excursion across this great province. I think it's been a learning experience for us all. I want to thank the staff—Hansard, research

and everybody—who really help to move democracy along, which is really an important undertaking.

I think the critical thing for us is to base a lot of our recommendations on the deputations made by persons and organizations. I hope we're going to do that. There were some excellent ones right across the board from individuals like we saw today. They were of very high quality, and that's why I hope the essence of our report is based on the deputations. By doing that, we will give more credence to the fact that we were really listening.

A lot of the Tory motions are not based on the deputations at all; they're just gamesmanship. I don't blame Mr Arnott; he's basically following through. I think we listened, and as we go through the report-writing on March 10, I hope we will deliberate on the deputations and go through all the deputations in more detail, because there were some very good ones. We got some excellent background material. I just want to say again that I think it's been a helpful exercise, certainly for me, and hopefully we can come up with a report that will help the Minister of Finance in his budget deliberations.

The Chair: Thank you. The motion will be dealt with at report-writing time.

We had a notice of motion from Mr Prue.

Mr Prue: I would like to move:

That this committee recommends to the Minister of Finance and to the Premier that the new government reiterate its commitment to be fair to the members of the Ontario civil service

(1) By clarifying that the government supports free collective bargaining;

(2) And further, by not legislating unfair and unjust working conditions and pay schedules upon its civil servants:

(3) And further, that this commitment be stated in conjunction with the announcement of the 2004-05

budget

If I may explain that briefly, for two minutes or less, we heard some deputations this morning. I have only had a brief opportunity to see the television news clippings of yesterday's scrum, and it's quite clear that there may be some confusion—at least in my mind and, I think, in a lot of minds—that needs to be assuaged. If the government intends to put in wage and price controls or Dalton days or Rae days or whatever you want to call them—

Mr Colle: We'll call them Kormos days.

Mr Prue: —or Kormos days, that will have to find its way into the budget, because we will know when the budget comes down, if there is not at least a 2% or 3% realization of increase for civil servants, that there is going to be something like that. I think it's incumbent upon the Minister of Finance to make that statement clearly and boldly, either on the day of the budget or in advance of the budget, so we might have a clearer idea of where he is going. I think we, as a committee, need to advise him that the deputations today were strongly in favour of allowing the free process that has taken place in other years to continue.

The Chair: Comments? Hearing none, this motion will go to report writing.

We had unanimous consent for a motion by Mr Peterson.

Mr Peterson: I would like to move:

That the Ministry of Community and Social Services, the Ministry of Children's Services and the Ministry of Finance change their funding formula for the social agencies in the region of Peel to reach the Ontario average within three years.

It is also moved that the approximately \$100 million that is being transferred from Peel to the city of Toronto be reduced by 33% this year and by the same amount the following two years.

This is to correct an imbalance of social funding that's gone on for approximately 15 years, due to the fast growth rate in Peel. The Fair Share for Peel organization, which has all this information, was not allowed to make a submission to this committee and neither was the region of Peel, so I just wanted to get on the record that this information should be noted and that this issue will be coming forward. I would be happy to submit more information to people as to the financial reasons we're so underfunded in the region of Peel.

The Chair: Comments?

Mr Prue: With all respect, I would like some additional information on this well before March 10. I'm not willing, on the basis of this—first of all, if this is social service pooling, it's nowhere near \$100 million. It's nowhere near that.

Mr Peterson: Yes, it is.

The Chair: Mr Prue has the floor.

Mr Prue: Secondly, this was part of the downloaded deal and the city of Toronto being faced with welfare and social services costs that were well above the region. This was negotiated and agreed to by the mayors and by the 905 region people at the time of the download. I would not want us to do this without further consultations with them and input from the municipalities and regions surrounding Toronto. It is incumbent on us to get their advice as to whether or not this is doable. If the city of Toronto is already some \$300 million in arrears going into this budget process, I certainly do not want to saddle them with another \$100 million.

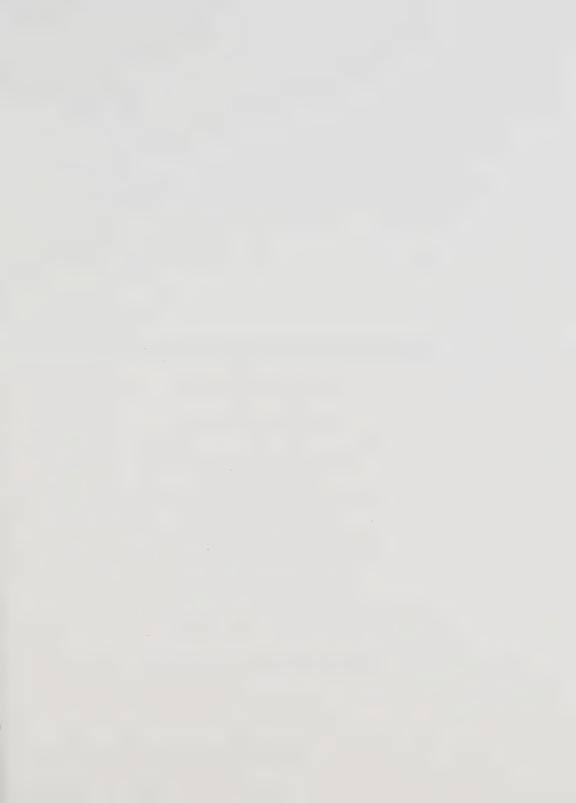
Mr Arnott: Just a point of clarification: I intend to table the additional PC motions with the committee this afternoon.

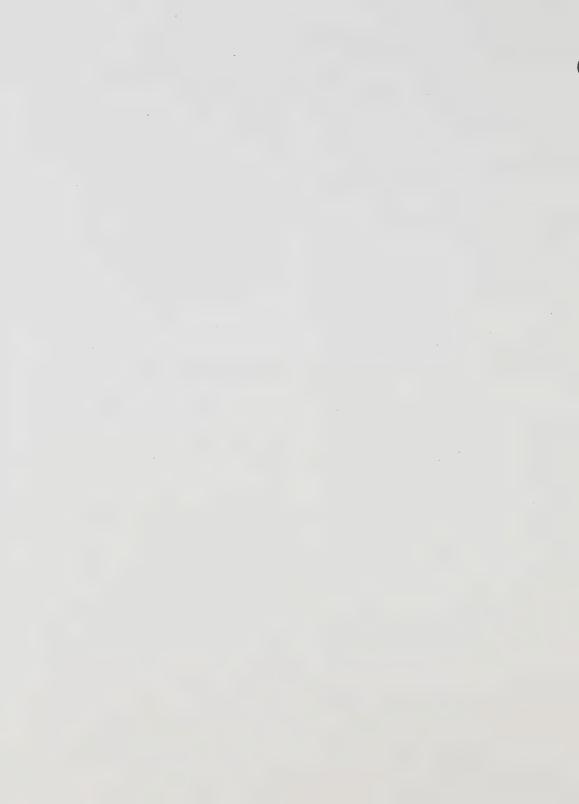
The Chair: As a point of information, I want to let committee members know that the committee will be accepting written submissions until February 13 at 5 pm.

Over the past three weeks, the standing committee on finance and economic affairs had the luxury of having Ms Lindsey Love Forester, a co-op student from the University of Waterloo. She has been assisting us in our deliberations during the pre-budget consultations. I would like to ask the members of the committee to join me in thanking her for her very good services and wonderful work. I also want to thank all other staff.

We are adjourned.

The committee adjourned at 1616.





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Mr John Milloy (Kitchener Centre / -Centre L)
Mrs Elizabeth Witmer (Kitchener-Waterloo PC)

Also taking part / Autres participants et participantesMrs Elizabeth Witmer (Kitchener-Waterloo PC)

Clerk / Greffier Mr Katch Koch

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Standing committee on finance and economic affairs

Pre-budget consultations

Assemblée législative de l'Ontario

Première session, 38^e législature

Journal des débats (Hansard)

Mercredi 10 mars 2004

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 10 March 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 10 mars 2004

The committee met at 0900 in room 228.

SUBCOMMITTEE REPORT

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will come to order. We are here today for the purposes of report writing on our prior committee work. There was a subcommittee conference call some days ago and we would like to have that put on the record.

Mr Mike Colle (Eglinton-Lawrence): Mr Chair, I'd like to move the report of the subcommittee.

Your subcommittee on committee business met on Wednesday, March 25, 2004, and recommends the following with respect to report writing for pre-budget consultations:

- 1. That the committee meet from 9 am to 12 noon and from 1 pm to 7 pm for report writing on March 10, 2004.
 - 2. That the report writing be held in open session.
- 3. That the clerk send a copy of all motions that have been filed or dealt with during public hearings to members of the committee by March 1, 2004, at 12 noon.
- 4. That the deadline for filing new motions be March 5, 2004, at 5 pm.
- 5. That the deadline for filing supplementary motions, if any, be March 9, 2004, at 12 noon after the members receive the final draft report.
- 6. That the deadline for filing dissenting opinions, if any, be March 12, 2004, at 4 pm.
- 7. That the committee consider the draft report before dealing with the recommendations and motions.
- 8. That the debate on the draft report be limited to 20 minutes per party.
- 9. That written submissions received at the deadline of February 13, 2004, be forwarded to the members of the committee.
- 10. That the clerk and the research officer, in consultation with the Chair, be authorized to organize and cluster the recommendations/motions by sector.
- 11. That the debate on the recommendations/motions related to each sector be limited to 20 minutes per party.
- 12. That the Chair, upon completion of the debates for each sector, put every question to dispose of the recommendations/motions related to that sector.
- 13. That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the

report of the subcommittee, to make any preliminary arrangements to facilitate the committee's proceedings.

I move adoption of the subcommittee report.

The Chair: Thank you. Any comment?

Mr Bruce Crozier (Essex): I have an amendment to propose to the report: that under recommendation (1) "That the committee meet from 9 am to 12 noon and from 1"—my amendment is to change "7" to read "5 pm for report writing on March 10, 2004."

The Chair: Moved by Mr Crozier. Any comment? Hearing none, all in favour? Carried.

Mr Crozier: Do we have to move the report?

The Chair: Shall the report carry, as amended? All in favour? Carried.

I want to remind members of the amount of work that we have in front of us here today to deal with this report and the time frame that we are now working under. Would it be the committee's wish that the lunch that would be served—that we work through the noon hour? Do we have an agreement on that?

Mr Colle: I think we can take a half-hour break.

The Chair: Lunch would be a half hour? OK.

The next order of business would be to have our researcher give a quick overview of the draft report.

Mr Larry Johnston: Thank you, Mr Chair. The draft report that you have before you and received, I hope, on Monday follows the pattern of previous years. It provides an overview of the principal themes and recommendations that were made to the committee. It does not identify particular witnesses or their recommendations. I remind the members that they received a summary a week previous of the recommendations that were made to the committee with a detailed list of witnesses, using acronyms to identify.

The report follows the same format that you received in the summary. It begins with general fiscal information and recommendations; then specific recommendations for the Minister of Finance of a tax and then non-tax nature, and then other recommendations that were made for other ministries, following in alphabetical order.

Research has made every effort to provide an accurate and impartial overview of what was presented to the committee, both in person and in writing. However, if the committee feels that there are oversights or if there are particular emphases that the committee wishes to put to the report, then research stands ready to be instructed.

The Chair: We'll move along, as described in the subcommittee report, to comment on the draft report. If there are any comments, parties would have up to 20 minutes. Also, we'll deal with recommendations or motions to the draft report at this time. Is there any comment?

Mr John O'Toole (Durham): Yes, thank you, Chair. I apologize for being a bit late. The commute is always a challenge, but it's good to see a strong economy. I remember, when I was elected in 1995, that there were very few cars and trucks on the road. The economy was so weak at the time, but now when I drive in it's bustling with activity.

To focus my comments on the report, I do appreciate staff's work on this report. I think it's fair-minded. As you can see, I have marked it, which means I've read it,

which is an important beginning.

I guess I just have a couple of things. If I go through this, my own response would be, if you look at "Fiscal Situation," we're stating—I'm looking at page 2 here. I think it's a fair statement. It's an objective assessment of what the auditors and others have said.

I think sometimes even a reference to what Erik Peters actually said might be a good footnote, meaning you're starting to assume here. I don't want to build this in as a known, a proven outcome of the \$5.6-billion deficit. That number is, to me, at this time, the projected deficit. That was kind of the wording. It gave them lots of room to say, "Unless changes are made, the government will have this kind of deficit." There was some dispute in some reports in the media that indicated that that \$5.6-billion could be avoided, or certainly part of it could be avoided.

But in fairness, when you went further on and talked about some of the underlying causes of that deficit, I think it's fairly stated. I think you clearly indicated that there were some revenue implications, and that really goes over to another section, I believe. You did, under the economy, look at some of the causal effects.

0910

My point, in mentioning this—I'm not sure if the committee would agree to making a reference in there to the audit done by Erik Peters, because the wording in that is very important: "At this time," is what he said. He didn't say there is a deficit; he said, "At this time." We're halfway through the fiscal year. So I'd look for some kind of response from the worthy government.

Paragraph 2 on that same page says, "Over the last three years, program spending in the province increased by more than \$10 billion." All I ever read in the paper on that was that we had cut spending. If we were to somehow reference the increased spending—and in all fairness, it is in some of your documents. We increased funding for health care; we increased funding for education. These are the facts. You're looking at it now. We've got to put on the record clearly that we increased spending, and your challenge there is to recognize that that's either a compliment or a criticism of the previous government. You're going to be faced with many of the same challenges of responding, and that fact. The

revenue only increased by—this is the other part of what I think is the auditor's comments—half a billion. I'm not sure if we're showing all the revenue as it could be reported. Some money, the transfer payments specifically—

The Chair: If there's a section of this particular piece you're talking about that you want to change, could you be specific about which one it is, like the paragraph, and then how you would want it changed.

Mr O'Toole: OK, and I am; I'm getting to that. I just know that I have 20 minutes to use up here. It may not be enough.

The change specifically is in paragraph 1 on page 2. "Fiscal Situation: According to the Ministry of Finance, Ontario's current fiscal outlook is a projected deficit of \$5.621 billion." I'm suggesting that we put in there that it really was the number established by the auditor, the consultant you hired, the first consultant of many; if we could find any way of moderating that, the validity of that 5.6 number. I'm quite concerned that that number in't extremely valid. There will be arguments made later on in the deliberations here that I don't think that number was a hard, fast number.

In the report I'm looking at, that \$3.09-billion improvement over Mr Peters's revenue forecast of 67.2 is, by others' reports—the tax revenue estimate totalled 68.6 last year, \$2.2 billion more than the government's interim figures. "This improvement, pictured together with recent federal spending announcements and provincial tax increases, means the province would collect \$70.29 billion in revenue this year, a \$3.09-billion improvement over Mr Peters's revenue forecast."

In other words, I just want it to be on the record, and that's what this whole diatribe here is on my part, that that number is somebody's number. If we made reference, I'd be happy with some kind of modification, and I put that on the floor: "according to statements by the consultant, Mr Peters." That's a specific request. Or even footnote it. All right, so that's one note.

The second one is the province's spending has "increased by ... \$10 billion, while tax revenues ... "—but that's the tax revenue. There are other sources of revenue. Maybe we're narrowing it. We're saying specifically tax revenue. I'm in paragraph two, on the second line: "program spending in the province increased ... \$10 billion, while tax revenues increased by half a billion dollars." There again, I'd be looking for some moderating effect of that revenue side. This is tax revenue only. It is not other transfers.

Then it goes on to try and establish that there's a structural deficit that threatens Ontario's ability to balance the budget. Other than that, as I said, I don't really have any criticism. And it isn't really criticism; it's just expanding those two lines. So I don't know how we go about moderating that because the rest is quite factual. That's page 1.

Page 2 is—

The Chair: How would you word the second request? Then we'll deal with it at the end.

Mr O'Toole: The second request, I would say, is that you might get a little bit more technical. I believe the total revenue would be a better statement, as opposed to strictly the tax revenue. If you look at total revenue, and I guess you'd have to look at your own documents on that in your financial statements—I look at total expense and I also look at the revenue side here. Maybe the staff could help me out there.

Mr Toby Barrett (Haldimand-Norfolk-Brant): If I could just interject for a moment, Chair, with respect to page 2 of the draft report. I also wish to commend the research officers for the work done, not only on this draft report but also on the other research papers that were requested by this committee. Mr O'Toole makes reference on page 2 to a phrase, the "deficit that threatens Ontario's ability to balance the budget." I do wish to point out that it goes into the mantra of revenue problem versus spending problem. I notice under "Fiscal Situation," third paragraph down, and I'm not questioning these figures at all: "Currently, total revenue is projected at \$69.5 billion for 2003-04, up \$0.92 billion from 2002-03." That suggests to me that this government does not have a revenue problem. I see very clearly what is close to a \$1-billion increase in revenue projected for the coming 2003-04 fiscal year. I feel that this phrase alone is key, is very important, and I certainly wish to point that out to members of the committee. This government is not looking at a revenue problem; they're looking at an increase in revenue in the coming year. I'm suggesting that that takes us down the road of a discussion of not only a spending problem but, heaven forbid, in the future perhaps a taxing problem.

Mr O'Toole: If I just look at your own fiscal outlook review that was done in December, and the total revenue is \$69.5 billion, which you stated in paragraph three on page 2, and I look at the total operating expense of \$72.5 billion, there's \$3 billion there. That's quite a difference; that's half of what we're stating is the deficit. Then you say that in budgets, when you have half the fiscal year to go, you could go and look at the capital side and there's another \$2.5 billion. Who said you had to build all that stuff? Do you understand? These are the real roles of government, to make difficult but necessary decisions. I'd just like to look at that and put that line up there that the revenue is higher than just the tax revenue. I haven't got anything specific to say on that because we probably won't get much agreement on that.

Again, in the broader sense, I think the explanation of the economic outlook is fair and reasonable. There were some indicators—whether it's SARS or the blackout or other things—that were mentioned as excuses, unforeseen circumstances. I think that's fair. I also think you went on to say that the economy, looking forward, looks strong, which is fair. You haven't actually done anything except increase taxes, and the economy is looking fine, so I wouldn't want to paint too bleak a picture there.

Another point I had here is under "Agriculture"; I'm on page 6 now. I do think there's current information that

was available during the time of our public hearings, when we heard from the Ontario Federation of Agriculture. Now we're in the midst of an agreement that Mr Peters has signed under the agricultural policy framework. The CAIS program has been rolled out. In fact, part of the bonus of signing that program, when Steve Peters signed on to it and our minister, Helen Johns, didn't sign on, was that we didn't feel the transition funding was sufficient, and they hadn't resolved some of the other pressures in agriculture, one of which was nutrient management. Who's going to support that rollout of those expenses for agriculture?

I wonder if we could put the term in—and I put this to you, Chair. You're very familiar with agriculture. Shouldn't we be mentioning that the case program is the deal now?

The Chair: It's up to the member. It's up to the committee, in the end.

Mr O'Toole: Mr Crozier, you're from an agricultural riding. Would you see that? I know Mr Colle basically can spell "agriculture," because he's Toronto-bound. You know more about transit than agriculture. I mean that respectfully.

Mr Colle: I have a back garden with tomatoes and zucchinis and things.

Mr O'Toole: But that's just for making tomato sauce. I understand that.

Mr Tim Peterson (Mississauga South): We thought only the Tories knew about horse manure.

Mr O'Toole: Let's get Mr Peterson to sit down.

The Chair: Order, please.

Mr O'Toole: He'll do his best, and we'll hope that that amounts to something. I think it would be important. You have mentioned nutrient management, but I think if we mentioned the CAIS program in there, I'd be happy, now that you've agreed to that program. So that's another small change, very innocuous. It's just to put it out there, because the hearings are this week on instructing agriculture how to apply before March 31 for a couple of new programs that Mr Peters has implemented. The rest are obviously statements of what we heard from public input.

Going on to page 9, under "Culture" it says, "Several presentations addressed the charitable sector, which calls to revise the requirement that groups applying for Trillium grants be incorporated." I don't remember that. I don't remember the cultural one, that they be incorporated. It's complicated enough now to get a frigging bingo licence or to raffle tickets. That's absurd. We have to eliminate some of the red tape.

Mr Crozier: You should have changed that.

Mr O'Toole: Well, we did; we tried to. But I put it to the committee. I don't remember where I heard that. I'm not trying to be smart, Larry.

Mr Johnston: This was heard from the Thunder Bay Coalition Against Poverty. They asked that the requirement of the groups applying for Trillium grants to be incorporated—that that requirement be eliminated. That

was heard in Thunder Bay and that would have been February 5.

Mr Crozier: They don't want them incorporated. That's what they're saying. They agree with you, John.

Mr O'Toole: Yes, that's right, "to reconsider the policy." OK, it's "reconsider"; there you go. Sorry.

There's some good stuff on the cultural side because you're talking about it now. In fact it was Mr Miller, the new mayor of Toronto, who wants money from everybody except the people in Toronto, who asked yesterday, in fact—the film tax credits that we had initiated in our government. I hope, Mr Colle, that you listen to Mr Miller on that.

The sale of the LCBO: We did hear about that. That was one of the trial balloons that you floated out there, sort of like the photo-radar one.

Yes, we've heard all of the education things, for sure. There was a good article in the paper this morning on pupil transit, the \$40 million. I don't know if we should be putting in a reference to that. That \$40 million has been talked about for the last four years. We've actually put it in, not as an annual portion of the grant but just as a top-up every year. I don't see that number, \$40 million, but it is a known number.

Did the school bus operators appear before us?

Mr Johnston: We had more than one representation from the Ontario association for school bus operators, and there were different numbers floated—one reason why we tend not to put numbers in the draft report.

Mr O'Toole: I agree with the idea of ISA funding. It eliminates some of the assessments.

Prep time: The teachers are doing a good job in lobbying for more teachers—pardon me, more prep time. That's the same thing, really.

Energy: quite a good report. I'll be using that in the future as critic for energy. We wrote most of it anyway; the all-party committee did.

Interiection.

Mr O'Toole: Most of it. It was before you were here, Tim, before your time.

In my riding of Durham we followed very closely with the town hall process that the McGuinty government, the McGuinty-Peterson government—I'm going to start calling it that, sort of like Harris-Eves—and we used exactly the same format as Dalton has been using, and Greg Sorbara when he isn't in court. We received extremely good input with respect to making sure you don't spend more than you earn.

The Chair: We'll move now to the NDP. You have 20 minutes in total to comment on the draft report.

Mr Howard Hampton (Kenora-Rainy River): I will keep my comments on the draft report very brief. There are, however, a couple of areas that I want to highlight, because I think they are going to be very important as we move forward in this committee and as the government finally brings down a budget.

First of all, I want to go to the issue of children's services and child care, and to emphasize: "More direct funding for regulated child care was requested, as well as

redirection of monies from the federal government's early child development initiative to regulated child care. The province was urged to work with other provinces and the federal government to create a national child care program." I emphasize "regulated child care."

The new Ministry of Children's Services was "urged to develop a multi-year policy framework and action plan for transforming child care from a targeted, subsidy-based program to a system of universal, affordable access for every child." That was the overall emphasis. I think

that is well placed in the report.

"Partnership with the Ministry of Education was recommended, with the goal of integrating early child-hood education and care ... and kindergarten into a continuum of family supports. Immediate changes to the education funding formula to facilitate school boards offering space to not-for-profit child care programs was sought. Some groups suggested integrating the Early Years initiative with child care and primary education."

I think that's clearly what was heard—I reviewed both my notes and Mr Prue's notes—so I think that is well placed in the document. It's something that I hope the Minister of Finance actually pays some attention to.

Next to community and social services and the issue of, first of all, community living: While we did not hear from a number of associations for community living across the province, I think what was heard is reflected in the report; however, I want to focus on social assistance. "A broad chorus of groups called for increases in social assistance rates; many suggested returning to 1994 levels for the basic needs portion, with adjustments for subsequent inflation. The shelter allowance, it was argued, should reflect the real cost of housing: either the average provincial rental cost, or as calculated on a regional basis." Again, I think that's clearly what was heard and clearly needs to be reflected in the report.

"Changes were urged in the maximum amount of allowable earned income, and in the tax-back rate, as well as in the treatment of student loans and child support payments."

"The government was repeatedly urged to eliminate the clawback of the national child benefit supplement from social assistance recipients." I think that also clearly reflects what was heard.

I want to just focus on sale of the LCBO. "Workers at the LCBO told the committee that the privatization of this provincial asset would have a long-term detrimental impact on Ontario's economy and quality of life." I think that also reflects what was heard.

I want to go over to page 10.

"Education, Elementary and Secondary: Elementary and secondary education was the focus of a broad cross-section of stakeholders whose main concern was levels of funding, but also addressed issues such as governance, technology, curriculum and testing." I would agree with that statement. I think funding was what this committee heard over and over again. I'm not surprised. The Rozanski commission said that elementary and secondary

education is being underfunded by at least \$2 billion a year. When you factor in annual inflation, the amount becomes significantly higher than that—likely \$3 billion

"Benchmarks: Groups called upon the government to implement fully those recommendations contained in the Rozanski report that have not yet been addressed. A consistent theme was the need to bring benchmarks, whether for salaries and benefits, construction and maintenance costs, transportation expenses or utilities charges, in line with the actual costs faced by school boards.' What a rational statement. I think that's clearly what we heard. "Education sector representatives, like others appearing before the committee, appealed for stable, or predictable, multi-year funding incorporating annual adjustments for inflation and other cost increases." I think that was pretty clearly heard.

The pupil transportation issue just about everywhere is a common refrain. I think that in general reflects where

we were at.

"The government was advised to launch a provincial conservation program aimed at business and the public to ensure reasonable electricity rates and a reliable power supply." I think the call for a conservation strategy and an energy efficiency strategy was fairly consistent. "One suggested vehicle was a new central agency to be called the Office of Energy Efficiency, responsible for coordinating demand-side management and demand response activities." Again, I think that reflects what was heard.

"Health: Health care represents the largest area of program spending in Ontario, and more presentations came to the committee from this sector than any other. Virtually all constituencies within the health care community brought recommendations, and two persistent themes accompanied requests for increased investment: (1) the desire for predictable, multi-year funding; and (2) the proposition that preventative investments made today might save the province money over the longterm."

"Integration was frequently mentioned, as stakeholders recommended innovative local health care initiatives that would create a seamless continuum of care provided by a range of qualified health care providers. The government was urged to continue with primary care reform, and to restore public confidence in the health system by building democratic decision-making, improved transparency, accountability and public access to information." Again, I think that reflects what we heard.

"Privatization: Health care presenters generally affirmed their support for a high-quality, inclusive, universally accessible and publicly funded health system; some called for thorough monitoring of violations of the Canada Health Act." It was pretty clear. We heard P3 hospitals, whether you refer to a P3 hospital as a leasepurchase or as a mortgage, "consistently repudiated." I think that clearly reflects where people are at. Ditto with the public health concerns.

I want to just turn for a minute to a couple of other issues that I think are very important.

Labour standards: We must have legislation addressing the length of the workweek and vacations. The changes to the minimum wage are acknowledged, but changes to the minimum wage so far have been modest at best. In fact, the minimum wage is now at the level that it probably should have been at in 1997. In other words, the lowest-paid workers are still seven years behind where they need to be.

On workers' compensation, I think we heard pretty clearly that injured workers are often left carrying an unsustainable burden in terms of loss of income and also of not having the help, the counselling, the assistance they need.

I just want to look again at municipalities, and we heard this fairly consistently. "A major area of concern for municipalities is costs associated with local services realignment." It was not revenue-neutral. Municipalities had more services downloaded on to them from both the federal government and the provincial government, with no new revenue, or virtually no new revenue. That has to be addressed.

"Affordable housing: A broad contingent of groups called for a dedicated housing ministry"—I note that now housing seems to be split between two ministries, municipal affairs and the so-called infrastructure ministry—"a provincial housing strategy, and concerted action to provide affordable housing, including continuing, extending or enhancing the federal-provincial affordable rental program. A number of funding strategies were discussed."

"Northern affairs and mines: Northern Ontario delegates were unanimous in their support for the preservation and enhancement of the northern Ontario heritage fund."

"Post-secondary education and training: Community college representatives were united in calling for an increase in operating funding over the next four years, from the current \$4,700 per student to \$6,300 per student." I think that clearly recognizes what needs to happen. On student aid, "A number of groups recommended review of the student loan and financial aid system to ensure access for low-income students," which I think is becoming one of the most serious problems in Ontario. The only people who now get to go to medical school or law school or many of the so-called professional schools are people who have very deep pockets, not people who have the skill, ability, commitment, knowledge and desire to do it. I can't think of anything that so tells us there is something dreadfully wrong. Tuition: "The government was urged to follow through with its commitment to freeze both regulated and deregulated programs in Ontario."

Those are the issues that I wanted to emphasize, and I think they are fairly clearly noted in the report. I may have a few areas where I might take issue, but I don't think those areas are important in terms of the overall statements.

The Chair: Thank you, Mr Hampton. You did mention in your opening about the word "regulated" on page

7. When we complete this rotation, we'll be dealing with motions. You might consider how you want that worded.

Mr Hampton: Yes, I might.

The Chair: Now I turn to the government for comment.

0940

Mr Colle: Again I want to congratulate the Legislative Assembly staff for all the work they have done in putting this together, considering the time frame and considering all of the presentations. I would thank especially Mr Larry Johnston and his research department, not only for putting together the draft report, but what I think all of us are going to find very valuable: all the research that you followed up on. We can use the resources over the next coming months and years. I found them most helpful. Again, it wasn't easy to do. I certainly appreciate the work that was done.

I just want to reference a couple of areas of research that we were given. I found your report on the tax cuts in other jurisdictions, where you traced back the impact of tax cuts as undertaken in the Ronald Reagan administration in the United States and then compared it to what happened when Clinton came to power without the tax-cut, supply-side economics, and how the economy improved, the employment rate improved dramatically and the deficit was eliminated—in fact, they had a massive surplus. Then when we go back to supply-side economics under Bush the younger, we've gone back into deficit, loss of jobs. Again, I think that's going to be very helpful for us as we try to guide our way through the financial decisions we're going to have to make as members of this Legislature.

I also thank research for getting that information that I think dogged me during the presentation, that, as Canadians, we sometimes don't appreciate the premium that employers have to pay in the United States for health coverage. It's interesting to note that for this year, the cost paid by employers per employee is going to be averaging about US\$7,000. That's the cost of getting health coverage in the United States, above and beyond your normal wages paid to your employee. As Canadians and Ontarians, we pay that through our taxes. I think most Canadians don't understand that in the United States, it costs an employer US\$7,000, which I assume is about C\$10,000. That is covered through our taxes. I think that figure really helps put things into perspective.

Again, all the research, everything from billing codes and e-health, per capita MRI data—anyway, I think is going to be very useful. I thank the research department for bringing that together in such a short period of time. I know the staff is also limited in its resources.

I would also like to thank all the participants in the presentations. I think most Ontarians want to be heard and want to try and help government make the right decisions. So many of them came out. I think the majority of presenters were everyday Ontarians. They weren't so-called professionals at lobbying or parts of huge associations. We had a lot of ordinary Ontarians in every municipality that we went to. I think what struck

me is that they were engaged and came forward with some excellent suggestions, recommendations, and also shared with us some of their experiences. That's what I remember most. I think maybe you feel the same way.

I was struck so vividly by that single mother in Timmins, who said she couldn't get by on the very minimal support that she gets, that she had to take the local bus to go get groceries. The problem was, I remember she said, she couldn't get the big, giant bag of potatoes or the big, giant bag of rice because they were too heavy for her to carry, yet she knew that she and her daughters—she had two daughters—would probably save a few precious dollars if they bought the bigger bag. But because she had no other transportation, lugging this across town was going to be most difficult for them. She was essentially crying out for some kind of recognition of the fact that single mothers, people with marginal incomes, need some support and help from this government. I certainly will not forget that single mother and her presentation and the reverend who was with her from the Timmins social help agency. The reverend was also very compelling.

Also in Timmins, we had another person I found very remarkable. It was the young doctor who was born and raised in Timmins and went off to the University of Ottawa to get his medical degree, but he came back to Timmins and is practising in the local hospital. I talked to him afterwards, and he said that he was getting four or five calls a week from other jurisdictions trying to entice him to leave Timmins, but he very emphatically said that Timmins is his home, he's not going anywhere: "The people of Timmins need me."

I also remember in Kitchener-Waterloo, there was some excellent deputations. I remember the gentleman who was a former street person who has turned his life around. In a very clear, straightforward way, he said, "Listen, I don't want to be on assistance. I want to get a job." He gave us some pretty good ideas of what had to be done.

We can't forget that young man in London, Ontario, who had a part-time job with Loblaws who had a speech impediment and had a great deal of difficulty speaking, but he was brave enough to present to this committee. That took a lot of guts and courage. I think he gave us a very clear indication of how difficult it is, that if you try to get some employment outside of ODSP, you're penalized, essentially, if you try to make over the \$160 limit. Therefore, when you're trying to help yourself, the rules that are in place today penalize you from getting a little bit more money. This young man was more than willing to work. He said, "If you let me work a bit more, I can help pay my rent. I won't be as dependent. I don't want to be dependent."

I remember the mayor in Thunder Bay and how articulate she was about the serious challenges they have in that city in terms of attracting employment, trying to open up the new medical school.

We've had just so many. We also had some downtime. The sort of thing that I thought was the worst thing of the

whole trip was actually that federal member who hijacked the meeting in Ottawa. I thought that was an awful display of queue-jumping, where we had all kinds of people who had put their names in, submitted their names to the committee, went through the process legally like everybody else, were put on to present, and then all of a sudden, the local federal member from Pembroke showed up and basically took over the meeting. I thought that was really an insult to the process, to the people who wait in line and do things properly.

Then I was very insulted, I think, by her threats during that presentation, but again, that was the one sore part of the whole thing. Luckily, she was in the minority, whereas 99% of the people were very legitimate, waited in line, went through the process like everybody else, were put on the record, and legitimately put forward some excellent suggestions, whether we agreed or disagreed with what they said. At least they did things in a fair way and were very sincere about their presentations. So I just want to say that all across this province, all the cities we went—

Mr Barrett: On a point of order, Mr Chair: Just for the record, as I recall, we entertained that deputation during our noon hour, and as I recall, we received unanimous consent, permission, to have the federal member present to our committee.

The Chair: Thank you. It's not a point of order.

Mr Colle: It's shocking that the Conservative members especially condone that type of approach. This is not the way this committee has worked. Again, except for that one incident, as I said, people were very, very fair to us, and I hope we were fair to them, as much as we could be, and accommodating.

This draft report is very objective. It's a good reflection of what this process has been all about; that is, listening to people, the deputations. The purpose of these consultations was to hear from people.

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I know at certain times there were attempts to, you might say, manipulate the process and the presentations whereby there would be all kinds of gymnastics, but generally speaking I think we achieved our purpose in listening to a lot of good Ontarians with sometimes immense expertise. Others were just plain, simple directions that I think are going to be very helpful. A number of these recommendations are already in discussion in the ministry. Some of them provoked excellent questions and dialogue. As I said, they are under active consideration as we speak because some of them make eminent sense and raise very good questions.

As you know, ultimately the Minister of Finance will write the budget. He is in a process of listening to people, and this committee is one part of that listening. He also has his round tables; he's had about 12 of them across the province. I've attended some of them and they are excellent in terms of input. At the round table I was at here in Toronto we had people from all walks of life, from the battered women's shelters to people from the housing sector, people from the banking sector, the

medical sector, the women's directorate; we've had excellent presentations to the minister on that front too.

As MPPs we also have had town halls. I did a town hall in conjunction with the member for Don Valley West and it was well attended, great participation.

So we are getting some very good ideas from Ontarians because we are in a real watershed situation here.

I just want to mention that there have been suggestions of denying the fact that we have a deficit of \$5.6 billion and so forth, again refusing to accept the presentation of the Ministry of Finance officials and also the former Provincial Auditor, Mr Peters, that we have a significant deficit here of \$5.6 billion. We all wish we didn't have it. The fact is, we do.

We can't at this point make changes to this report based on what you think is more politically advantageous and how you see the facts. The facts have been presented by the officials in the Ministry of Finance. I know that members of the Conservative Party are still in denial that there is a deficit, but I think the vast majority of Ontarians understand that we've got a huge fiscal challenge. We've been left not only a \$5.6-billion deficit but we also have a serious, ongoing structural problem in terms of our previous government's commitment to programs that are not sustainable, in terms of the social deficit that has to be dealt with. So we've got a real job in terms of dealing with our demand and also our revenue and our economic reality.

I think, if the opposition has ideas of changing the draft report, there is the opportunity for them to do that through their motions. Also, there is time for a dissenting report, and that's when they can try deny that there's a deficit. I'm sure they're going to do that in their dissenting report.

Overall, I just want to say that the draft report we have before us is objective, fair and a good overview of what the people said to us in this committee, and that's what's most important, that it does reflect what the people said and what they wanted to put on the record.

The Chair: Mr Crozier, and there are about five minutes left.

Mr Crozier: Just very briefly, I want to give my support to the comments of Mr Colle and to the research committee. In my view, this report is merely intended to reflect the comments by those who came before us, not necessarily our feeling about any particular issue. So I too would recommend that the report be adopted as it's been drafted and that if there are any serious disagreements with the report, there is the opportunity to table a dissenting report.

The Chair: We have motions before us that will be voted on at the end of this five minutes.

Ms Judy Marsales (Hamilton West): Mr Chairman, I'll just be brief, but I concur wholeheartedly with my two colleagues here. As a new member of this committee, I have to tell you I have been so impressed by the process of hearing both from organizations and individuals who have a really sincere interest in this province and in its success and development. The general public

these days are so cynical about government and process, but the transparency of this particular committee hearing is very refreshing to me as a newcomer. The stories, the ideas, the personal experiences of people in Ontario, the kindness of the regions who hosted us were absolutely wonderful. While this report as drafted certainly does reflect what we heard and saw. I don't think the emotion can be reflected in mere words. I think some of it was heart-wrenching. Notwithstanding that, I most heartily want to support a couple of things within the report, however, dealing with municipalities, because municipalities such as an old community like mine in Hamilton are suffering under the huge weight of the downloading costs of social service. Hamilton has one of the highest per capita social service costs and we're drowning in debt right now.

The second issue is the public infrastructure, on page 21. I want to lend support to that as well particularly, again, in the older communities. I'll just share a personal experience. One day, coming around the corner from my house, to be met by this wall of water spewing up from the street—I thought perhaps the city had installed a new fountain, but it was really the bursting of a huge water main. I think it speaks to the need. We heard it from many, many different municipalities. Albeit we weren't in Hamilton, I think we really do need to take a look at this and I support that.

The Chair: Thank you. Further comment? Seeing none, having considered the draft report, we'll now be dealing with the recommendations and motions of that report. But research wanted an opportunity to make a comment.

Mr Johnston: Just to share some information about the three points that Mr O'Toole raised:

First of all, Mr Peters was not referred to in the draft report because he didn't appear before the committee. Also, we've checked Hansard, and the Minister of Finance speaks of the 5.6 number as being consistent with Mr Peters's number, so we had drawn the conclusion that the ministry had done their own calculation of the deficit figure—just to explain that point.

My colleague and I were also looking at your second point about the tax revenue not being a total statement of the revenues, and we were wondering whether simply rearranging some of the material on that page might satisfy your concern in terms of highlighting the total revenue picture, as opposed to merely the increase in tax revenue.

Finally, with respect to the CAIS program, I checked with Heidi, who knows much more about agricultural issues than I. Neither of us has a recollection that this program was mentioned before the committee, so we weren't sure exactly what the agricultural stakeholders felt about the program and wouldn't know what to put there. I just leave those points of information.

Mr John Wilkinson (Perth-Middlesex): Just to follow up on the comment from research: I think, if you check the record and the presentation from the OFA, Mr Bonnett was here. I think you'll find just a passing refer-

ence noting that the provincial government had signed the agricultural policy framework and that that was widely considered as being a good move.

Mr Johnston: I stand corrected.

The Chair: And now we would move to the motions.

Mr O'Toole: Just a point: I agree with research staff with respect to just rewording the revenue stuff. I think it's all there. As everyone has commented, with the exception of Mr Colle, who made some really kind of challenging statements about some of the presenters, which was bad, really. I think the report is an objective and open account of what we heard. When we start dealing with recommendations, that's where the discussion begins, I guess. I'd be happy with that, and clearly being on the record that the Minister of Finance, being a political person, actually a very political person, is trying to make the \$5.6-billion number real. What I'm trying to do is make sure that—the careful wording of Erik Peters is extremely important. As an accountant, each word is selected as a decimal point to separate whole numbers from partial numbers. When he said that "at this time" the projected could be as high as—"at this time" is a qualifier. "It could be at this time projected"—these are accountant fluff words.

My point is that I am not of the opinion—

The Chair: What research would appreciate is the wording that you are seeking in the revision of these tax revenues. It's on this \$5.6 billion?

Mr O'Toole: It's going to stick, there's no question.

The Chair: We'll allow research to ask you the question.

Mr O'Toole: Sure.

Mr Johnston: Just to clarify, the proposed rewording would not write anything new into the report. What Heidi and I were going to suggest was that the second sentence of the second paragraph under "Fiscal Situation," which begins, "The result is a structural deficit," be moved to the end of the fourth paragraph, and that we combine what is now the first sentence of the second paragraph with the third paragraph, so that after the statement that reads, "while tax revenues increased by half a billion dollars," the next statement would be, "Currently, total revenue is projected at \$69.5 billion, ... up \$0.92 billion." That would clearly indicate that tax revenue was not the entire revenue picture. Then the conclusion about the structural deficit would follow the statement about total expenses in 2003-04.

Mr O'Toole: If you look at public accounts, Mr Johnston, you're going to see that its statement is \$2.2 billion, really, more than the forecast revenue. It's all in the way they state what numbers appeared when, specifically in transfer payments. We could spend a lot of time arguing about that number, and I suppose we will for some time, but because the general public doesn't engage in this kind of microeconomic stuff, they may not get too engaged. You're branding the \$5.6 billion, and I'm saying to you that any intelligent person, including Mr Erik Peters, knows that that number was a statement

of finance expenditure to revenue at this time under these conditions. There are many people who believe you'll likely have a deficit. I think probably you'll have it as high as possible, but it probably could be \$3 billion.

So I'm just saying I don't support it, and I'm speaking into this red light here so that I can pull it out in the future and say I never accepted that figure. There are many others in the finance community who don't as well. You can state it the way you want, but I think your suggestion in terms of the revenue is good, very acceptable.

Mr Colle: I don't have any problem with the suggestion made by Mr Johnston, but I would certainly again go on the record that we're not going to accept the denial of the fact that there is the \$5.6-billion deficit, no matter how many times the opposition says it. I wish that fantasy were true. Sadly, they left us in a mess.

Mr O'Toole: Isn't that what it's all about? You said there was a \$2-billion deficit, even in your own booklet. However, research would not be interested in the politics of this

The Chair: Mr O'Toole, do you agree with the researcher's suggestion to redraft that, and could we use that as a motion?

Mr O'Toole: Yes, sure. Absolutely.

The Chair: All in favour of the motion? Carried.

Now Mr O'Toole, research gave you their undertaking about the CAIS program.

Mr O'Toole: I'm just making a statement there.

The Chair: You have it on the record here, but their recollection was that it wasn't mentioned. I think it may have been mentioned, as pointed out by Mr Wilkinson, in a different way, but it wasn't called "CAIS." It's a relatively new term.

Mr Johnston: We could, with respect, add "Farm support programs such as CAIS continue to be important to agriculture."

Mr Colle: Mr O'Toole agreed. He was trying to make a statement there, and I don't think we want to get into the technicalities of that program because we didn't really deal with it in that detail.

Mr O'Toole: Yes, we were just putting it on the record. I think Mr Crozier, in his response to Mr Wilkinson, said that most of it's inside baseball with agriculture. Even within the OFA, they don't have full agreement. Certain commodity groups are happy with the program and others aren't.

The Chair: Now we'll move to Mr Hampton. You had suggested in your presentation that the word "regulated" on page 7—do you have a motion in that regard?

Mr Hampton: Yes, I do have a motion with respect to regulated child care. Γm not sure this is the point at which we want to deal with it, though.

The Chair: It would be.

Mr Hampton: Oh, you want to deal with it now?

The Chair: Oh, they have one within-

Interjection.

The Chair: I understand that you have two.

Mr Crozier: Just a point of order, Mr Chair, and I sincerely want to know: I thought that motions had to be filed by a certain date, just so the clerk, for clarification, could say, then, "What motions can we put today?"

The Chair: This is changing the wording of the draft. **Mr Crozier:** Just wording? OK. Yes, that's fine.

The Chair: Motions are somewhat more substantial. Go ahead, Mr Hampton.

Mr Hampton: I'd like to add just one word to the report. As it reads now, "The new Ministry of Children's Services was welcomed, and urged to develop a multi-year"—

Mr Colle: Where is that?

Mr Hampton: At the top of page 7, "Child care." "The new Ministry of Children's Services was welcomed, and urged to develop a multi-year policy framework and action plan for transforming child care from a targeted, subsidy-based program to a system of universal, affordable access for every child." I think what we heard—when I heard this, and I read some of our notes—was also the word "non-profit": a system of "universal, affordable, non-profit" child care.

Mr Crozier: On a point of order, Mr Chair: Could we

have Hansard checked?

Mr Colle: It's actually in the second paragraph where there was a reference to that, especially in schools: "... to facilitate school boards offering space to not-for-profit child care programs were sought." It was mentioned in the general discussions.

Mr Hampton: In terms of the child care presenters, I'm pretty sure that was a consistent point that they made.

Mr Colle: I don't have a problem with that.

Mr Johnston: I can't find the specific recommendation, but I do know that the individuals who made that recommendation would be in support of non-profit. I think it's just assumed that when they say "universal, affordable" they expect that will be non-profit. But it could be made explicit.

Mr Hampton: I move that we make it explicit.

The Chair: All in favour of including "non-profit"? Opposed? None. Carried.

Mr Crozier: I don't want to belabour this, and I want us to move along, but I would like us to check to see if, once the deadline for motions has passed, you can actually pass motions at the committee. My problem is I don't know where we end this.

The Chair: We are entertaining motions to the draft report, as stated in the subcommittee report passed here this morning by the committee. We will now be moving to motions.

Mr Crozier: In other words, you're telling me to read that subcommittee report again. OK.

The Chair: That's right.
Mr Crozier: I understand.

Mr O'Toole: On a point of clarification: At this point, what we've dealt with is the staff's diary of presentations, basically. Some of the references really end up being sort of a Hansard reference, if anybody wants to

know more about the debate, about that statement, but I do think it's important. There were two or three items that were dealt with in the context of the hearings which resulted in extensive discussion and indeed motions, and those motions were passed within the context of the meeting. I believe they should form part of the report, not a subsequent appendix. To adopt this report, I think there's every willingness to look at this as a—

The Chair: Mr O'Toole, we won't be adopting this report until we get through all these resolutions of some

90 or so.

Mr Colle: So just this part as it is right now. This is the first—

The Chair: Thank you very much, members of the committee. We will now move to the recommendations and motions. As per instructions from the subcommittee passed here this morning by the full committee, the motions and recommendations have been grouped. I think another word that came to mind was "clustered." So in your package, when you look at these, you will note that—we'll look at the first one, for example. It says "motion 14," but it is on page 1. We will be doing them in order of page—page 1, 2, 3—not necessarily in order of motion, because we were asked to put them in groupings. Since these came to us over many days, they are numbered as motions, but for our purposes of groupings, we'll be going from page 1 to the very end.

Also in your package, you will find motions that there have been requests to withdraw. As well, I think at the very back of the package, you will find motions that were

carried as the committee travelled.

Clerk of the Committee (Mr Katch Koch): These are the sections separated by your coloured paper.

Mr O'Toole: Just a clarification, because this is kind of—we have this package here, and I'll refer to it as package one. It's the pre-budget hearings summary of recommendations. Are we going to be dealing with this?

The Chair: We will be dealing with them in the manner I just—they have been grouped. You should have this

Mr O'Toole: Yes, they have been grouped. I flipped through them, and they're grouped by finance, tax. So we're actually going to be dealing with those motions here, which were the committee members' motions.

The Chair: That's right.

Mr O'Toole: So I understand, these recommendations that I've referred to as bundle number one would be attached as an appendix. Where do they show up? Nowhere, right? I know it's a lot of paper. They are bundled. How are they referred to? Somebody may want to reprint this. It has to be distributed. There are hundreds and hundreds of pages here. It's a lot of paper, of course—double-sided, I might say. That package is—what?—about 70 pages. It's a very considerable amount of work. This is the synthesis of the recommendations by group, by kind of organization.

Mr Johnston: The summary that you're referring to, Mr O'Toole, is prepared as a reference document for the committee members as they're making their way through

the draft report and through their own recommendations that they're bringing to the finance minister. It is not a public document. It is not included as part of the report that is released to the finance minister.

The nature of the draft report, as you've seen, is a very succinct document that does not identify witnesses. The purpose of the summary that you're referring to is so that members can clarify in their own mind which presenters made which recommendations. It does represent somewhat an editing and distillation and consolidation of comments made by the various groups that are indicated there. So it is not shared as a public document.

Mr O'Toole: I'm going to ask other members, specifically Mr Hampton—if you look at this, for the record, it's a profound bundle of work. Honest to God, you couldn't carry it in a huge box. We all know that. It seems all that public input gets distilled down into some observations. Let's say that it's these very recommendations, whether it's on transportation or daycare. Then there's an acronym here so that we can refer to what group said it.

Over the years, believe it or not, I have been simplistic enough to actually keep some of the stuff, because I use it. If I'm looking for an issue on regulated daycare or transportation, some of those inputs are the stakeholders' positions in preparation for a budget, what they believed was an important investment. How the hell do you get your hands on it if you're not an organized person? You'd have to have someone like Mr Johnston or somebody working for you to find it.

My point is this: I think this is a valuable reference because I've looked through it. What it does is distill down the actual recommendations of a 20-page report and they've said, "We recommend," and it says, "Invest in the capital needed for provincial highways to direct transfers of a minimum of \$25 million annually for \$5,000 per two-lane," whatever. So there are very specific amounts.

Is there any value—and I'm asking others—in attaching this to the report, if only by reference?

The Chair: I would mention that the draft report has been deemed in the main to have captured most of those presentations. The motions put forward are based on what people heard or believed they heard at the presentations. Each and every member has a copy of the 204 presentations that attended—

Mr O'Toole: Please, don't even talk about it.

The Chair: —and some 176 presentations that were mailed. We all have copies of the submissions, both in person and through the mail or other means. The draft report is to reflect what we heard. So I would suggest that you may want to expand your filing system.

Mr O'Toole: Here's the deal. I appreciate that. I would put to you, without trying to characterize myself as a bit of a nitpicker, that I do keep most of them, if not all. There is a profound amount of work in terms of all that data.

Here's my point: It is really, "What did that organization say? Here it is." You could also then say, "Well,

if I've got this, I know Mr Johnston would have it. Why should I bother keeping it?" There are 103 members walking around with all this stuff that to some extent isn't used. But here's my real point, Mr Chair, and I hope you'll indulge me: During the hearings, for my third or fourth time around through this process, I thought, "Gee, a good time to actually move it is when the community care agency is at the table." Why not say we've heard it? I have to go to our own staff people to draft a resolution. We brought those resolutions forward. I'm not trying to make this a confrontation with Mr Colle or anyone else. There was no time in the committee hearings to discuss it because other presenters were being delayed. Yet, 250 presentations later, I can't even remember who appeared before the committee, and we've lost it. In the process, we've lost the very essence of some very important stakeholder input. The only summary I've seen is the one that's presented by legislative research today, which is a list, around 70 pages, double-sided, of recommendations made by organizations. That to me should be referred to in the report, "A list of recommendations by organizations can be found at www.LarryJohnston."

The Chair: Further comment?

Mr O'Toole: Do you understand what I'm saying? Chair, I'm appealing to Mr Colle as an experienced person here; Mr Crozier, I would say; Mr Hampton. A lot of work goes into this, and I'll tell you, from my experience, most members, respectfully, will never see it again.

The Chair: Further comment?

Mr O'Toole: Do you have any problem, Mike? It's just adding it as a reference in the report.

The Chair: Research would like to make a comment. 1020

Mr Johnston: I would just say that when the subcommittee met at the outset of the process and the research for committee was discussed, the members of the subcommittee were informed that there would be a summary and that there would be a draft report, and they were informed that the summary was not a public document. That's the assumption that has been guiding the preparation.

I would say that if research had known that the summary was to be made a public document, it might be written in a slightly different way. There are summarizations. If three groups state that they are in favour of an increase to the minimum wage, what you see in the summary is, "Groups called for an increase in the minimum wage." That becomes a public document, and each of those three groups goes and looks to see, "Did my recommendation get in there?" and if it's not exactly the wording that they recall having presented to the committee, then they say, "Well, you didn't present my position word for word." So if I know this is a public document, it's going to be a much longer document-it's probably going to be at least three times longer—but it's going to record everything exactly verbatim. I just draw that to the committee's attention.

Mr O'Toole: One more point. I asked officially, on the transcript, repeatedly, for a running tally of the total expenditure requests. In the past, that has occurred. I'm not trying to be a hard-head here. It's my sense that the 240-plus presentations, plus the 70 pages of synthesized recommendations from organizations, represent about \$7 billion of additional expenditures. I guess my simple question is, where's the list? Where are the dollars? I want to know the dollars. I've got all these thousands of words; I haven't got one cent written down on paper. This is a finance process, not a frigging philosophical argument. It's a finance class.

The Chair: Further comment?

Mr Colle: Mr Chairman, here we go again trying to change the rules. We all agreed to the process. It's the process that has been followed by previous—they never did this. They basically now are putting more motions on the floor. This is out of order. All this information is in Hansard. Mr Johnston made it very clear that he followed the rules as directed to him. To now all of a sudden start asking for more process changes at this time, when we have very clearly before us the motions to deal with—let's get on with dealing with the motions. Let's not keep trying to change the rules retroactively here. Let's move on.

Mr O'Toole: Can I have a response from staff on this? Because I did ask for that.

Mr Johnston: Yes, Mr O'Toole, you did. The answer is simply that research ran out of time. I would just draw your attention to the fact that last year at pre-budget we heard from 111 witnesses in person and had 32 written presentations. This year we heard from over 200 in person and 176 written. Given the time it took to prepare the summary and the draft report and essentially 30 research questions—last year I think we had four research questions—the resources simply were not there. The intent was to prepare that list for the committee, but there simply were not enough hours in the days between the finish of the hearings and today to get that done.

Interiection.

The Chair: Order, please. Order. Mr O'Toole: Clearly, I respect—

The Chair: Mr O'Toole, I have the floor at the moment.

We had in place a subcommittee agreement—a committee agreement, I should say—on how we would proceed. We have much work in front of us. It has been agreed over many weeks how we would proceed. I think the answers from research are adequate, and I think we'll proceed, in the interests of time, with moving to the motions that are before us in the groupings that I described to you.

Mr Colle: On a point of order, Mr Chairman: Speaking about time, is it possible to get a clock in this room? Is it against the protocol, or can't we afford a clock?

The Chair: We'll see what we can do about a clock. But I remind members that there is one clock and it's in front of me. There is but one clock.

OK, we shall move on. First of all you will see one item under the heading of "Procedure," motion 14. There was no particular grouping for this one to have it with.

Mr Flaherty moved, on February 4, 2004, "that the committee discuss about how we may extend the reach of our consultations into some of these more remote areas in the future:

"That, when tasked with deliberating legislation in the coming months, the committee make a better effort to reach out and possibly visit communities such as Hearst, Pickle Lake, Clinton, Winchester, Owen Sound, Sault Ste Marie, including smaller communities in southern Ontario and perhaps even some of the larger aboriginal communities."

Any comment?

Mr O'Toole: I just agree. I think, in fairness, this isn't politics at all. I just think the exercise, as Ms Marsales said, is extremely important, and we were warmly received in areas that are less frequented. I'd support this. I don't see this as a problem for any government. I'd be interested in others' views.

The Chair: Mr Colle.

Mr Colle: Again, this is another one of what I will call the Damascus motions. Here's a government that some years didn't even have any hearings on the budget. As Mr Johnston said, we've had unprecedented interaction from people right across Ontario, and the former Minister of Finance, who was basically against wider hearings, who never went to any of these places, is now directing us that we should go.

As you know, this committee's attempt to go to as many places as possible this year is I think a sign of more of this to come. Really, if feasible, I would love to see these wonderful places in Ontario, especially Pickle Lake, which I've heard a lot about. I have no problem with this, but just keep in mind that this is exactly the opposite of what the former Minister of Finance used to do. Now he has seen the light and wants us in government to do what he didn't do.

Ms Marsales: I would be happy to support it, provided we have Hamilton at some point.

The Chair: Comment? Hearing none, all in favour? Mr Hampton.

Mr Hampton: Just to respond to Mr Colle, I'm sure the residents of Pickle Lake would be happy to host the committee at some point.

Mr O'Toole: On a point of order, Mr Chair: I want to put on the record that I was the parliamentary assistant to the Minister of Finance for two years, serving the people of Ontario. Every single Minister of Finance has done exactly the same thing, including the town hall meetings. I want Mr Colle to correct the record, please.

The Chair: That's not a point of order.

All in favour? Carried.

Now we move to group 1. You will notice that there are a number of motions within group 1. We will be doing motions 28, 32, or, as the clerk has advised me, pages 2 to 11, inclusive. As agreed, each party would have 20 minutes for this total group of motions. We'll begin with the official opposition.

1030

Mr Barrett: Thank you, Chair. I do recognize that you are the only person in the room with a clock.

Within this cluster of motions, there are three here that make reference to balancing the budget: motion 28 on page 2, motion 32 on page 3 and motion 27 on page 8. As we know in this business, balancing the books is not easy. It's never easy. It requires this government to make some difficult decisions, and quite frankly that comes with the job; that comes with the responsibility of being government. I know the Premier has indicated he didn't sign up for this job or didn't read the small print, but it's very important, apart from what he has been saying, that members of this committee and the government accept responsibility and get to work.

People in the province of Ontario, and certainly those people who are concerned about balancing the books and the spectre of a deficit in the coming year, expect something more than excuses and some of the political games and cynicism, if you will, a throwback to old-style politics when deficits did threaten to bankrupt our province not that many years ago. So it is time to end the rhetoric and for this government to roll up their sleeves and get to work on balancing the budget for this coming March 31. Five months have now passed since the Liberals formed the government and they have yet to make any indication—they've been unable to make any indication of shaving a penny off the potential deficit, the phony deficit in some quarters.

Erik Peters's name was mentioned this morning. Following the release of Erik Peters's review on October 29, there was a promise of "immediate action" on the part of this government. Just as a bit of background, at the request of Dalton McGuinty, Erik Peters was hired to review the—

Mr Crozier: Premier McGuinty.

Mr Barrett: At the request of Premier McGuinty, former Provincial Auditor Erik Peters was hired as a consultant by this government to review the 2003-04 Ontario fiscal picture. His review was conducted as of October 24, 2003. He concluded at that time—and this date is important, last October 24—that there was a potential deficit of \$5.6 billion if, and I want to highlight this word "if," and only if, the current Liberal government elected to sit on their hands and do nothing for what we see now as the past five months.

Erik Peters's deficit predictions, as I indicated, were made October 24 without the benefit, without the information contained in Ontario's public accounts for the fiscal year 2002-03. Public accounts are the financial statements itemizing the government's annual spending and revenue numbers.

Just on a point of order, Mr Chair: During this 20 minutes, do we also make our motions, or does that come after the rotation?

The Chair: You will need to move these. Some were simply filed; others in your package were moved prior.

Mr Barrett: The release of the 2002-03 public accounts—

Mr O'Toole: Could you give us notice when there's about seven minutes left?

Mr Barrett: We'd hate to run out of time and not make the motion.

The Chair: Or you could do it in reverse. You can move the motions now so you'll have something to speak to. You can move the motions now and then continue.

Mr O'Toole: We're not speaking to a motion.

The Chair: Do you want to move the motions first?

Mr Barrett: If that's the protocol.

The Chair: It would be better, so that you have enough time to move them.

Mr Barrett: Make your motion.

Mr O'Toole: Yes. Mr Chair, through you, I'm going to move a number of motions, some of which may have been moved during the public hearings and some of which were just tabled. OK?

The very first one is, that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to reduce auto insurance premiums by 20% and introduce the necessary reforms to the auto insurance sector as part of the 2004-05 budget.

Pardon me, that's actually not in that group.

The Chair: No, we need pages 2, 3—

Mr O'Toole: Just strike that from the record.

This is page 2: that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "not add to the provincial debt" and that the 2004-05 Ontario budget be balanced.

Number two: I move that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "pay down \$5 billion in debt over the next five years," and include a debt repayment schedule as part of the 2004-05 budget.

Number three: that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "tell taxpayers what specific improvements we expect from every new investment," and provide a value-for-money analysis for any program spending increases or new program investments in the 2004-05 budget.

More money must equal more service.

Page 5: that the standing committee on finance and economic affairs instruct the committee to reflect its will that specific funding targets—that's a Liberal motion. I'm skipping that one. Pardon me. I would have moved that, actually, but we'll leave that to Mr Colle.

Next one: that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise that "ineffective programs will be cancelled," and divulge to the people of Ontario a complete list of government programs that may be cancelled in the 2004-05 budget.

Skip the next one.

We're on page 8 now: that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "live by the balance budget law," the Taxpayer Protection Act,

and hold a province-wide referendum to attain taxpayer approval before any increases are made to effective tax rates in the province of Ontario—in compliance with a Liberal election promise.

Skip the next page.

On page 10: that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government maintain the \$400,000 employer health tax exemption for small business and reaffirm this exemption in the 2004-05 provincial budget—to assist small business.

Skip number 11.

Number 12:

The Chair: No, that' in another-

Mr O'Toole: Oh, yes, it's pages 2 to 11. Now Mr Barrett wants to continue his speech.

Mr Barrett: Just for people to follow along, I'm referring mainly to motions number 27, 28 and 32.

There was information that we felt was important to present to the committee, information that was made available after the Erik Peters report, information current as of November 29. This is from public accounts. Again, the upshot, and just to summarize the public accounts figures, coupled with the recent federal spending announcements accruing to the province of Ontario that are referred to in our draft report here, provincial tax increases, legislation that was passed before Christmas, resulted from public accounts in a revised projected deficit of \$1.8 billion this year.

In opposition, Mr McGuinty said he had a plan to deal with a \$2-billion deficit. Clearly, people in Ontario feel that it can be done. They do want a balanced budget. I feel that members of this committee can see numbers where they can see their way to balance the books by March 31 for the coming fiscal year.

I made reference to federal revenue, and it's referred to in our report, that should be and can be applied to lower the deficit projections significantly. It's interesting. I think it's regrettable that the McGuinty government has decided that it will not record any of this federal commitment in the current fiscal year.

Furthermore the present government, in my view, is inflicting long-term pain, in a sense, for short-term gain. That's reflected not only in the burden that our children and grandchildren will bear with the deficit spending but also with what people in Ontario will bear with respect to higher taxes.

1040

There was a promise made and it is being kept by this government to increase tobacco taxes, and certainly people in my riding recognize that. But again, the whole issue of tax benefits lost: I think of retired people, senior homeowners and apartment renters who have lost that legislation that gave them a property tax reduction. Earlier this week, we know, coming from the Premier and the education minister there was a call for MPPs to sit in the classroom for a period of time. I attended an independent school earlier this week and, very clearly, homeowners and parents who send their children to

independent schools are taking a very significant hit from this present government's taxation policy.

Mr Crozier: That battle was fought in October.

Mr Barrett: In fact, it was made retroactive. I think that's certainly punitive on these people. It goes right back to January of last year. Regrettably, this policy will probably continue until the opposition returns to government in the next few years unless there is any change in direction from this present government. I would ask members of this government to keep an open mind with respect to that issue, because many of these families cannot afford that kind of tax direction.

What's probably very important to consider is, again, information that was summarized and pulled together subsequent to the Erik Peters projections. At the Fraser Institute, for example, Mark Mullins has summarized it on a family basis, on an individual basis. In crunching his numbers he took a look at all of the trial balloons that have been floated recently. He examined them all and priced their impact on the deficit. The result, with all of the proposed deficit-reduction figures and new revenue and if you refer to the draft report, we do know that current total revenue is projected at \$6.95 billion for 2003-04. That's up close to a billion dollars. We also have a pretty good feel that spending will rise with this coming budget. What the Fraser Institute indicates is that people will pay an additional—this is their estimate— \$200 each in new provincial taxes and user fees in the coming fiscal year that we are deliberating today. The Fraser Institute indicates that people will be paying an additional \$200 per person on top of that next year. This amounts to an extra \$550-plus per family this year, with more than \$550 per family added on in 2005.

Mark Mullins describes this as "pickpocket economics." It's a tax-and-spend approach that can only diminish Ontario's future prosperity. I think it's very important for us to realize that deliberations and any decisions and advice coming out of this committee have relevance, not only for March 31, but for a number of vears hence. That Fraser Institute assessment took into consideration taxes and user fees, as I mentioned. It also takes into consideration the federal transfer payments that are made reference to in the draft report before us here. Also, he has taken into consideration other trial balloons. as he described them; asset sales, new spending, any projected impact from labour settlements, spending cuts that we may or may not see from this government, a means testing of existing programs-all policies that have been publicly proposed by cabinet ministers and government insiders.

As we travelled this winter—and there has been discussion of the first motion that was before us with respect to communities that we visited and communities that we should visit. I recall the presentation in London by the London labour congress. They raised an issue. They essentially questioned the purpose of these consultations. We know there's a parallel consultation process going on as well in the province of Ontario. I just wish to quote the London labour congress: "The skeptics among us dismiss

this exercise as nothing more than an opportunity for the government to use the fact that they have consulted us as justification..."

I'm not in the habit of quoting organized labour and labour congresses. We have a number of good organizations in my riding, however. But I believe in consultation. We've certainly had our fair share of presentations and briefs submitted, but I do propose to the committee that consultations are not solely the answer and certainly no substitution for lack of action with respect to Ontario's fiscal concerns.

Even Premier McGuinty himself is quoted as saying, "Listening is not leadership." People in the province of Ontario are looking for leadership and the time for significant action is now. To me, that's one criterion for leadership. Yet, again, we are looking for leadership beyond increasing government spending or increasing taxes. Very clearly, with respect to opposition, it's very important to take into consideration the merit of continuing to reduce government spending where warranted, and certainly to reduce taxes to spur the economy and to create jobs. We're facing a series of tax hikes that are going to put a dent in our pocketbook. I see no indication from the legislated and proposed tax hikes from this government where they're going to have any impact on the projected deficit.

Corporate taxation: I don't think we had a specific recommendation on that. Legislation was passed before Christmas to use corporate taxation as a primary means of yet again raising extra revenue. I again put forward the mantra that at this point in time we're not in a recession, we do not have a revenue problem. We saw legislation before Christmas that returned the province's corporate tax rate to 14% from 12.5%. This now establishes Ontario, regrettably, as a higher tax jurisdiction than Ouebec, British Columbia, New Brunswick and Alberta. Higher taxes will eliminate much of Ontario's competitive advantage. This will drive business investment and jobs into neighbouring jurisdictions which are more competitive, and we will be addressing this concern in our dissenting report. This is of real concern for all of us, certainly the auto sector. I have challenges in my own riding with not only the steel industry but also our Nanticoke power generation.

1050

Another thing that I hear in attending meetings of the local chapter of the Canadian Manufacturers' Association, local presentations by the Canadian Federation of Independent Business, which also presented to this committee—this government, all of us on this committee, recognize the value of small business and medium-sized businesses. These are the engine that keeps our economy humming. We know that small and medium-sized businesses create over 50% of the private sector jobs in the province of Ontario. As anyone on this committee would know, during the reign of the past government, well over one million net new jobs were created during that eight-and-a-half-year tenure.

The Chair: Your time has expired. We'll move to the NDP and Mr Hampton. There are three motions, I would

suggest, Mr Hampton, that were filed previously. If you would read them into the record, that would be beneficial. Then you have whatever time is left within 20 minutes for comment.

Mr Hampton: Thank you, Chair. There are some motions that were filed by New Democrats. I want to move those motions now.

The first is motion 79. I move:

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its 2004-05 budget, not privatize important public assets such as the LCBO, Hydro or TVO, to deal with a short-term deficit.

This motion was filed by Mr Prue on February 24. I

move its adoption today.

Next, NDP notice of motion 81. I move:

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government introduce, in its 2004-05 budget, a \$2.5-billion "fair share" revenue package consisting of the following measures:

At least \$1.5 billion in taxes from imposing higher tax

rates on individual income over \$100,000;

At least \$500 million from returning corporate tax rates (excluding small business) to the 1999 rate;

At least \$500 million from closing loopholes in the employer health tax benefiting large corporations.

Well before the 2003 election campaign, the Liberals were aware that Ontario was running a significant deficit, and yet they signed the Canadian Taxpayers Federation pledge to neither raise taxes nor run a deficit. In order to restore public services as promised, the government must deal with Ontario's revenue deficit in a way that respects the principle of tax fairness and the ability to pay. Highincome earners and large corporations received a disproportionate share of the tax breaks during the Harris-Eves reign, and now it's time for them to pay their fair share.

This was also filed by Mr Prue on February 24. As I say, I move its adoption today.

Finally, NDP notice of motion 77. I move:

Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government end the practice of deductibility of labour and environmental fines from taxable provincial corporate income in its 2004-05 budget. Currently, corporations are allowed to count fines related to labour and environmental law violations as an expense, which results in a reduction in their taxable income.

That was filed by Mr Prue on February 24, 2004. I move its adoption today.

I now want to speak to those motions. First of all, the motion "Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its 2004-05 budget, not privatize important public assets such as the LCBO, Hydro or TVO, to deal with a short-term deficit." I want members of the committee to note that the former

government floated the idea of privatizing the LCBO. At that time, someone named Dalton McGuinty called Mike Harris "an extremist driven by ideology" when he floated the idea of privatizing the LCBO. Now I note, in the government's so-called budget town hall workbook, that the government—and I gather that's Mr McGuinty—says, "The government owns a number of businesses that could be leased or sold in order to free up money.... An example of a business that the government could sell or modify is the LCBO." I gather Mr McGuinty has now become an extremist driven by ideology, since that is how he described that kind of proposal before.

Anyone who looks at this proposal would note that the Liquor Control Board of Ontario brings to the government and brings to public revenue in the neighbourhood of \$1 billion every year. Anything which would have the effect of turning that revenue over to a non-governmental body would in fact result in a loss to public revenues, and any strategy which would attempt to increase that revenue in the short term by means of, say, an income trust would result in reduced revenue streams in the out-years, which simply transfers the deficit from current years into future years, which is not a solution either.

So I recommend that the committee follow the statements of Dalton McGuinty when he said that anyone who suggests that privatizing the LCBO is an extremist driven by ideology, and that we vote in favour of this resolution.

Next I want to turn to the issue of a revenue package: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government introduce, in its 2004-05 budget, a \$2.5-billion "fair share" revenue package.

Well before the 2003 election campaign, the Liberals were aware that Ontario was running a significant deficit. It's very clear that Ontario was running a significant deficit. I remember sitting in the estimates committee with Mr Phillips, who is now the Chair of Management Board. Mr Phillips read off a long list to the former finance minister, Ms Ecker, of all of the deficit risks, and then summarized it by saying—and this is only last June—that the former government was at risk of a deficit of more than \$5 billion.

I remember Mr Kwinter, who is now the minister of public safety and security, in August saying very clearly to Canadian Press and to the Toronto Sun that there was going to be at least a \$5-billion deficit. In fact, I remember, during the election campaign, the Fraser Institute—certainly an organization that's no friend of the Conservative Party—saying that there was going to be at least a \$4.5-billion deficit. So it's very clear that there was going to be a deficit.

The government said at the time that it was interested in improving public services. There was no mention during the election campaign by the government of privatizing either the LCBO or Hydro or TVOntario. The government said it was interested in improving public services. Well, if the interest is improving public services, let's recognize that the tax cuts that were put in

place by the previous government are simply not sustainable. In fact, many of them couldn't be sustained on any logical basis.

Currently, the employer health tax is supposed to provide an exemption to small businesses in terms of their payroll, but that same exemption has been turned around to now apply to the largest corporations. It seems to me that the exemption should be restored to what it was originally intended—that is, small businesses, businesses that are just starting out, can continue to have that exemption from the employer health tax on their payrolls, but larger corporations should be paying that, as was originally intended.

1100

The issue of corporate tax rates—the fact of the matter is, I remember Mr Phillips, Mr McGuinty and, I think, also Mr Sorbara in the run-up to the election campaign and during the election campaign pointing out that Ontario's corporate tax rates were now lower than in a number of bordering US states. I also note that in 1997, 1998 and 1999 there was no corporation in Ontario that had any problem paying the corporate tax rate as it was then. In fact, most of them were not only paying their corporate taxes but they were boasting about their profit line. Obviously there wasn't a problem with corporate tax rates. They should be restored to the level that they were at in 1999 so that the revenue is available to invest in health care, education and protecting the environment.

Finally I want to deal with notice of motion 77, deductibility of labour and environmental fines. I think most people would find it atrocious that when a corporation pollutes the environment or has a worker killed on the job and is assessed a penalty, they then deduct that from their taxes. In effect, all of the other taxpayers in Ontario end up subsidizing them in the payment of their penalty. For God's sake, when a company is fined for environmental infractions or labour infractions—the death of a worker—it seems to me that they should pay their own fine. They should not be able to deduct it from their taxes and then ask the rest of the people of Ontario, who are not culpable in any way, to pay their damn penalty. It just seems to me fairly elementary.

I would strongly recommend that members of this committee support these resolutions. As I say, the first two are very clearly things that the government said, either before or during the election campaign. The third one—deductibility of labour and environmental fines—just seems to me an elementary principle of fair play and justice. If you've been found guilty of an environmental infraction or a health and safety infraction, you should pay your own damn fine and not ask the other taxpayers of Ontario to subsidize you.

The Chair: Now we'll move to the government. I would suggest, as with the others, that you move your motion first before you continue on.

Ms Marsales: Thank you, Mr Chair. I'd like to move that the standing committee on finance and economic affairs instruct the committee to reflect its will that specific funding targets be implemented in a fiscally responsible manner over the next four years, as set out in the Liberal election platform, and not hastily in the 2004-05 budget.

The Chair: You have 20 minutes, less the time that you just took, but you have 20 minutes as a party.

Ms Marsales: Perhaps I could just speak to that. I think we've heard from many individuals requesting that we approach our financial deliberations with great sensitivity to the burden which was left to us by the previous government. Therefore, we're taking this very fiscally responsible position of funding implementation over the next four years. We choose to do this not for the political expediency, as expressed with previous governments, but rather with a view to the people who have come before us. We feel that we are doing the right thing for the people of Ontario for the long-term benefit. The needs are so great that they have to be measured over the next four years. That's why this motion is being brought forward.

Mr Colle: I want to go back to some of the basic premises. The first reality is that many of the deficiencies we see in our social infrastructure, our capital infrastructure, are daunting. Like myself, most members on this side and, I'm sure, on the other side, would love to invest in all the needs we have in our ridings and throughout this province. Wherever you go, whether in terms of our hospitals—hiring nurses, the capital infrastructure in hospitals, MRIs—to our cities, whose sewers and water treatment plants are in dire need of investment, to our public transit systems throughout the province that was essentially abandoned by the previous government, there are so many needs that we heard reports on—homes for the aged, supportive housing—that it's just neverending.

I guess what it comes down to is the basic realization that we have to look at how we finance these needs that the public is asking us to meet in a different way than we have seen in the last eight years. The last eight years are a pretty clear indictment of supply-side-type economics, which basically, in a nutshell, means that if you cut taxes, you can increase government revenues and they'll pay for government services. We've seen that cutting taxes essentially for the higher end, as this government did, for corporations and people with higher incomes, does not meet the social needs, the capital needs, and it leaves government finances in a desperate state.

All you have to do is look at the birthplace of that taxcuts-solve-all approach, the United States. It started with Ronald Reagan, where he came into government with a \$79-billion deficit and left with about a \$290-billion deficit. That's all in the research that Mr Johnston did for us. Ministry of finance tax cuts in other jurisdictions is what I asked for. You can see that Reaganomics' supplyside tax cut policies left the United States with a huge deficit. Then, as you know, this latest President of the United States came to power, and we now see the United States facing a similar situation of a US\$500-billion-plus deficit.

One of the things that I found somewhat amusing in Mr Johnston's research is a quote from Fortune

magazine. Justin Fox wrote, and it's on page 8 of the report from Mr Johnston, that this type of economic planning is known as the Laffer curve. "Back in 1981, the most zealous supply-siders argued that Reagan could cut tax rates and government revenues would go up. The basis for the argument was something called the Laffer curve—first drawn on a cocktail napkin at Washington's Two Continents restaurant on December 4, 1974...."

It certainly was on the back of a cocktail napkin that the previous government ran its finances, and we have living proof of the fact that it did not work. Look at our education infrastructure, our hospital infrastructure, our urban, city infrastructure, our small towns, rural communities, the downloading of services. Despite all that downloading and not investing in these public services, we find ourselves with an unprecedented situation here of a debt that's now up to about \$140 billion. Next to health care carrying costs and education carrying costs, I think the next largest item we have to carry now is the cost of interest for our debt. We pay about \$10 billion a year in interest. That's the legacy of Mark Mullins, the Fraser Institute, Reaganomics and the Laffer curve that we're paying for.

1110

The previous government's financial approach was in many ways laughable and in many ways extremely sad because of the legacy it left us. We are left to pick up the pieces here. We have very little room, because the fact is that many of our current programs are not sustainable. That's why everything has to be on the table. None of us likes to think that we have to go into some areas that we would never think possible. But we have a situation where there is an immense challenge for all of us to try to invest in the services everybody so desperately needs and at the same time pay \$10 billion on interest for the debt and manage this year-to-year deficit, which, if we don't do anything, is projected to stay at about \$4 billion or \$5 billion. Yet we have the demands that all of our cities, all of our communities and all of our social service providers know and that during the budget presentations were made so clear to us. So, many of the proposals that we're looking at are proposals that preferably we never would have wanted to look at, but we're forced to look at.

Certainly, we have one party in opposition that is still in denial, that still says there is no deficit, even though their own gurus at the Fraser Institute and Mr Mullins are saying, "You have a deficit of about \$5 billion or \$6 billion." So on one side they want to quote the Fraser Institute and Mr Mullins, and on the other side they're saying, "No, no, that's not true; that's just Mr Erik Peters's idea."

On the other hand, Mr Hampton and his party are saying, "Well, you can't continue on the road of giving tax cuts to corporations and those who don't need tax cuts." Yet your party voted against Bill 2, where we tried to repeal a lot of the Tory tax cuts and even tried to repeal the money to private schools; you voted against that. We were trying to take the first step in stopping this supply-side, Laffer economics and you voted with the

Tories on that. That's what I find a bit difficult to understand. At least the Tories are somewhat consistent on the fact that they think tax cuts are the magic potion for all of our evils in Ontario.

We've got a very definite case that's been made very clear: You can't do things like they've been done for the last eight years and expect to meet the needs of Ontarians. That's why we're looking at all aspects of government, how government works, how to make it work better, because we do believe there are essential services that have to be invested in and we're wondering where we could find the best way of investing in these services. We have to make some tough choices. There's nothing that's going to be easy. We wish that there were some easy choices, but we're going to have to do some things differently, we're going to have to look at various options, we're going to have to be creative and we're going to have to, perhaps, look at some of the suggestions made by the persons and organizations in Ontario who have made suggestions on how to get around this problem.

We have even had Jack Mintz from the U of T and the C.D. Howe Institute say basically, "You're doing the right thing by not proceeding with more corporate tax cuts." Jack Mintz said that. We also heard Hugh Mackenzie, right here in this room, I think it was. He gave us some very good suggestions on what he thought the approach could be. And there are some very reasoned suggestions by the Alternative Budget. We're looking and we've looked at those.

We're not saying we have all the answers, but at least we know that the financial magic preached by the last government and preached by the younger Bush or Reagan in the States doesn't work. Ontario is living proof that the approach the previous government banked everything on has really hurt this province and has forced it to a very difficult crossroads here that we're going to have to meet.

So there are a number of motions before us. Some of these motions are worth supporting; they reaffirm what we're about. Some are not in keeping with what we heard and also are not in keeping with what we think is best for this province. We will consider these motions as we proceed.

Mr Wilkinson: Mr Chair, about how much time do we have left?

The Chair: About seven minutes.

Mr Wilkinson: Great. First of all, I just want to commend research and also all the people on the committee that you've done an excellent job of answering our voluminous questions. I think you said you had 30 of them, and I think you did a commendable job.

I just want to preface my remarks, as someone who is new to this place, that I found the three weeks that we were out across Ontario to be actually quite moving emotionally. There are three things that I recall distinctly.

There was Michelle in Timmins. If you remember Michelle, she was telling us about how she was a single mother raising two stepchildren on Ontario Works. She hadn't been on Ontario Works very long. Of course, Ontario Works, remember, is all about getting people back to the workforce. That was the mantra: We're not going to call it welfare: it's Ontario Works. Get people back to work.

She was telling us about how a filling that she had had cracked. Remember that? She had a filling that had cracked. She explained to all of us, and me particularly. because I just did not know this, that she was not able to get that filling replaced. Here was a woman struggling with the amount of money that she was getting. Of course, welfare rates had been chopped 22% back in 1995, and had not been raised. She was getting her clothes from the Sally Ann. She was getting food from the local food bank. She was trying to make ends meet, trying just to pay to live in her apartment and raise her two stepchildren. She didn't have money to replace that filling, and what do we know? Well, any dentist will tell you that that tooth will abscess.

What struck me is that we had the money for her to go the hospital to see a doctor, because she didn't have a family physician. As a government, we had money to give her antibiotics for the abscess, we had money to give her painkillers for the pain, we had money to extract her tooth—oh, we had money for that—but we did not have money to fill that tooth. Then we were saying to this woman with a tooth missing, "Go get a job." Who's going to hire someone with a missing tooth? What struck me was that we had money for the extraction but we didn't have money to fill the tooth.

Then I remember Doris Grinspun from the RNAO, who came and talked to us about how we didn't have money to have full-time nurses and pay them benefits, but we had money to pay casual nurses to have two or three jobs, to have overtime, to have two million hours paid to triple-time agencies. Somehow we didn't have enough money to have full-time nurses so that they would stay in this province, but we did have money to train them so that they could turn around and take a job offer in the States.

The other thing that struck me was the school in Toronto who told us about how there was not enough money to fix the roof of the school, but there was more than enough money to ship those kids across town every day and to rip that school apart to try to get the mould out of the school and remediate it.

As someone who is a certified financial planner, I look at that and it just is appalling. I say to myself, how can we have a such a situation? You know, "For the lack of a nail, the kingdom was lost." Surely with these types of comments being made over the last eight years to the previous government, any reasonable person would say that you would fix the roof instead of ripping the house apart in trying to get out the mould. Everyone would say it would be better to fill a tooth than to extract a tooth. Everyone would say it would be better to have full-time nurses who are appropriate than to have a whole bunch of triple-time agency nurses.

Then it dawned on me that really the whole agenda here was privatization. It always was. It was always part

of the agenda, because you can't in this province say to people up front that you want to privatize things. I remember Belinda Stronach was just musing the other day about how she really thought there should be more private medicine. Of course, I say, all the millionaires think that's a great idea. You can't do that politically, and so what you do is you systematically pull out all the support systems of the public services that our citizens depend on—create the system and make it wobbly to the point where it falls apart. So I am glad actually that we have an opportunity to change that.

I think if the NDP government had anything to take back, it's that slippery process they went down of increasing taxes to try to solve the problem. I think Floyd Laughren has written that he wished he had that first budget over again. I know there are some people in the previous government who wish that they had not slashed and burned so quickly, that they had listened to the chief medical officer of health.

Mr Hampton: We wish the Liberals hadn't left us a \$5-billion deficit

Mr Wilkinson: So I found that what we have to do is have a sustainable system. That's what we're dealing with here, how to make this system sustainable.

Speaking to the motions, I think some of them do not reflect the opinions of the people we heard, but I think others are reflective, and we look forward to supporting them.

1120

The Chair: Hearing none, I am now charged with putting these motions individually for your consideration.

Mr O'Toole has moved that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to not add to the provincial debt and that the 2004-05 Ontario budget be balanced.

Mr O'Toole: Recorded vote.

Ayes

Barrett, O'Toole.

Navs

Colle, Crozier, Hampton, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Mr Crozier: Chair, could you just read that it is notice of motion number 32? Is it required to read the motion again, in the essence of time? Is it necessary to reread the motion? We've already had it read once.

The Chair: If you don't want the motion read and you understand which motion you are voting on-

Mr Crozier: Are you insinuating that we don't?

The Chair: I have to admit that we have a group of motions. This is one of seven groups.

Mr Crozier: I would just ask that you consider dispensing.

The Chair: I want the committee to understand what motion they're voting on.

Mr O'Toole: Just mention the motion number.

The Chair: If that's your wish, I won't read them into the record again. It's agreed? Agreed.

Notice of motion number 32. **Mr O'Toole:** Recorded vote.

Ayes

Barrett, Hampton, O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated. Notice of motion number 29.

Mr O'Toole: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Motion number 94: All in favour? Carried.

Motion number 30: All in favour? Carried.

Motion number 79: All in favour? Opposed? The motion is defeated.

Motion number 27: All in favour? Opposed? Carried. Motion number 81: All in favour? Opposed? The

motion is defeated.

Motion number 37: All in favour? Carried.

Motion number 77: All in favour? Carried.

Thank you very much. Now we'll move to group 2, which is pages 12 to 19, inclusive. They also deal with financial—

Mr Crozier: Sorry; what were those pages again?

The Chair: Pages 12 through 19, inclusive.

We'll move to the official opposition. I suggest that you move your motions that may not have been moved, and then move into what remains of your 20 minutes.

Mr Barrett: I understand we are clustering the motions on pages 12 through 19. All of these are motions from the opposition.

PC motion number 38: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to review small business access to insurance coverage, and appoint this committee to review the drivers behind increasing premiums and decreasing competition in the insurance industry. This was filed February 12.

On page 13: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to reduce auto insurance premiums by 20% and introduce the

necessary reforms to the auto insurance sector as part of the 2004-05 budget. Moved February 12.

PC motion number 18-

The Chair: That one has been moved, so we can go on to the next one.

Mr Barrett: Oh, I see. Thank you, Chair. Mr Klees moved that motion. It was with respect to snowmobiling.

On page 15, I move that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government reduce or eliminate the 2% life, accident and sickness insurance premium taxes and the 3% premium taxes on other forms of insurance to provide some immediate relief on escalating insurance costs as part of the 2004-05 provincial budget. This was moved February 12.

Page 16: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government disallow municipal clawback of tax reductions due on business properties that were reassessed at a lower value and include such measures in the 2004-05 provincial budget. Moved February 12.

PC notice of motion number 35: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government implement a long-term plan to rebalance the education property tax load, as part of the 2004-05 provincial budget. Moved February 12.

Page 18: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government institute a mandatory graduated tax rate mechanism for both commercial and industrial property classes; and that standards are applied to ensure that the first band of assessment pays the local municipal residential tax rate, as part of the 2004-05 provincial budget. Moved February 12.

The Chair: This next one, number 15, has been moved.

Mr Barrett: That was a motion by Mr Hudak with respect to the mining industry.

The Chair: Comments?

Mr O'Toole: I think we're starting to get the rhythm of this thing. In this section here, I again appreciate the work that the staff have done to try to make some order of all these motions. I think Mr Barrett, in re-introducing these motions that have been moved during the public hearings, which is quite new—it would be a recommendation generally that in the future we consider having a reflective moment after a presentation to see if we can put a footnote that there should be action by the committee.

That being said, looking at this section more specifically in the appropriate nature of insurance and its implications for all of our constituents, we know it's a non-political issue. All governments, right from the NDP on, have tried to address auto insurance. Whether their solution was correct is matter for another debate. But if I look at the presenters at the committee, one of which was the CFIB, and there are others in that whole section on insurance, they call for "a public examination at both the

federal and provincial level of the problem, and to focus on potential solutions to alleviate the problem for small and medium-sized business owners."

This is where one of our motions came directly from one of the stakeholders. In fact, this is from the CFIB. They said, "Appoint the standing committee on finance and economic affairs of the Legislative Assembly of Ontario to review the drivers"—forces, I guess—"behind the increasing premiums, and decreasing competition in the insurance industry." There we are responding clearly in one of the motions moved by Mr Barrett.

Another one done by the CFIB is clear: "Reduce or eliminate the 2% life, accident and sickness insurance premium taxes and the 3% premium taxes on other forms of insurance to provide some immediate relief on escalating insurance costs." They're offering you very solid fiscal advice primarily focused as the representative of the Canadian Federation of Independent Business. The general thing by the Ontario Chamber of Commerce was to seek ways to control the cost of insurance.

I would hope—and I'm going to resolve not to speak on this for the whole 20 minutes—that we need to respond to some of these recommendations because they're from the stakeholders, word for word. This isn't Toby Barrett and John O'Toole or John Baird. We really are trying to respond sympathetically to the industry and the stakeholders that represent them. I think that even Mr Hudak's motion with respect to the mining tax—we see how important the resource sector is to Ontario, whether it's mediation of mine sites or the mining tax, the issue going forward of trying to find other relationships to get power to these remote locations, the energy question. It will be a huge ability to allow a form of partnership, P2—that's a two-wheeled bicycle.

I just think that all of these in this section really come from our stakeholders that we heard from, and I would ask for your support.

The Chair: No other comment?

Mr O'Toole: I'm trying to move along.

The Chair: Mr Hampton, you have up to 20 minutes for comment.

Mr Hampton: I have no detailed comments. I simply want to note that while some of these may have come from stakeholders, a government that complains about its revenue position, a government that did indeed vote to implement some of these would make its revenue position worse—much worse.

One of the motions dealing with, "the government disallow municipal clawback of tax reductions due on business properties that were reassessed at a lower value"—this is a government that has already reneged on its promise to provide two cents a litre of the gas tax to municipalities so they would not be in such a revenue-stretched position. If you act on this, you're going to put municipalities that are hard-pressed already in an even more untenable financial position.

Then finally, to go to number 19, a 10-year tax holiday for new mines, I just want to say that part of the problem

we've got in Ontario is there have been too many tax holidays, too many proposals for tax holidays. In fact, you've got a significant number of organizations that are not making a fair contribution to the public services that we all need.

If the government adopts or supports these particular motions, I think you're not only creating a worse revenue position for yourselves, but for all of Mr Colle's speech about how he denigrates the younger Bush and the senior Bush and Reagan and Mr Eves and Mr Harris and their ideology, you would in effect be adopting that ideology, whether you choose to admit it or not.

Mr Colle: It's OK. We're voting against these.

Mr Hampton: Good for you. I hope the fact that you're voting against it also finds its way into the budget, whoever the Minister of Finance may be at the time. Thank you, Chair.

The Chair: To the government and Mr Colle.

Mr Colle: I think Mr Hampton sometimes makes a good point, that we certainly can't continue to go down the road of forgoing necessary tax revenues, which are really the price of providing for services. We've seen such a deficit in our social infrastructure. We've had estimates that the Conservatives left us with a capital infrastructure deficit—I know the Minister of Infrastructure says it's about \$60 billion. I've heard reports of up to a \$200-billion capital infrastructure deficit that the other government did not take care of as they were merrily cutting taxes.

Some of these motions are not what we heard from the presenters. As you know, we are working on auto insurance and things are beginning to improve. We're finally starting to see a decrease in premiums. We still have a lot of work to do. We have committed to the reduction, and then, when we bring in an optional policy, we'll see further reductions as we go down the road.

The most daunting thing, even beyond insurance, is the property tax assessment system. Most Ontarians are beginning to realize they are caught in a very, very complex web of tax policy where the previous government passed 12 pieces of legislation on property taxes and assessment and amended eight statutes. So we have the most complex property tax system in the civilized world here in Ontario. To try and sort it out, MPAC and all the 12 pieces of legislation and all the booby traps in that system, is going to be daunting. In essence, the system is in many ways very incomprehensible for average Ontarians, as it is for most of us, considering there are about five people in the province who even claim to understand the tax system we have. So we have a lot of work to do on property tax assessment and making MPAC work better.

Some of these motions here before us are typical of the previous government's ad hoc, back-of-a-cocktail-napkin approach to property tax assessment, which can't be done. The whole system is interwoven and interdependent, so whatever you do could really impact on municipalities' ability to function, or small businesses' ability to function. In essence, we have a real challenge

ahead of us on assessment and property taxation in this province. We don't underestimate the work involved ahead of us for property taxation especially, and also on the education property tax situation. We do not have equal rates across the province, and there are many municipalities—I remember we had a deputation from the mayor of Smiths Falls. They are in a real conundrum there because their education tax rate for commercial purposes is extremely cumbersome for them and makes them uncompetitive. We've got all kinds of problems in terms of the differential rate. The previous government left us with that challenge to deal with.

So all in all, there are very few here, I would suggest, that we can support. There are always complications which hurt people and hurt small business and hurt big business and hurt homeowners and hurt people who are trying to afford auto insurance. We've seen 8.3 million motorists in Ontario abandoned by the previous government. We have to do, and are doing, some things that are going to help them make insurance rates more competitive, because it is a challenge that we have no choice but to meet.

We have to also consider all the other needs that the Ontario citizen faces. The previous government basically twiddled their thumbs while many of these issues were allowed to grow worse and worse and worse, and now we are faced with trying to fix them. Some of these motions will make things worse.

Mr Wilkinson: I just wanted to state, as a small business person, that the best thing we can do to make sure that small business has access to general insurance is to deal with the huge problem in auto insurance that we've inherited, which is really causing the fiscal problems and making insurance unaffordable for small business. That's why we moved ahead with Bill 5 and that's why I think the last thing small business needs is for this committee to start running around working on that problem while we're busy trying to solve the fundamental problem of auto insurance, that consumers get the protection they need at an affordable price.

I was surprised on motion number 31 that the opposition thinks that somehow we promised a 20% reduction in auto insurance. Specifically in our platform what we said was that there would be a 10% reduction in auto insurance premiums on average, and then, coupled with that, reforms which we are instituting which allow consumers to save another 10% by, for example, opting out of coverage that they could never claim in the first place, which seems eminently logical to me.

I would like to commend Mr Orazietti for his passionate comments on motion number 18 in regard to the snowmobiles in the north. He spoke eloquently and passionately on that, and with great conviction. So I think we're looking forward to supporting motion number 18.

As someone who is a certified financial planner and actually licensed in this type of insurance, regarding motion number 39, talking about a reduction in tax on insurance premiums, I can tell you that if I were wearing

my previous career's hat, I'd say that was a good idea. But since I'm here and I see the fact that we're bleeding red ink at \$5.6 billion a year, I don't think there should be any rollback of that tax until we have balanced our fiscal house, and that's what any small business person would tell you.

On motion number 36, when we talk about disallowing the municipal clawback, again, these are the type of things that we should not get into because, as Mr Hampton rightly put, it just worsens our revenue position and doesn't do anything to enhance revenue whatsoever.

Again, we heard the deputations, as Mr Colle said, about education property tax load. That has to be dealt with, but we have to fairly represent what people who came in deputation to us did. I don't think that motion looks after that at all. Nor do I remember receiving anything about having a mandatory graduated tax rate mechanism for commercial and industrial. Again, I don't think we should be writing a report that doesn't reflect what people told us.

Clearly, on motion number 15 in regard to taxing the mining operations, we just passed Bill 2 as a government, and we're not backing off Bill 2.

I look forward, with my colleagues, to voting on all of these motions. Thank you.

The Chair: Further comment? Hearing none, we'll now move into the vote on this group 2.

Mr O'Toole: I'd like to request a recorded vote of each of these motions. They're grouped together, so it's saving time.

The Chair: In the interest of time, then, they've requested a recorded vote on each one of these, rather than separately. Agreed? Recorded votes are requested.

Notice of motion number 38.

Aves

Barrett, Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated. Motion number 31.

Aves

Barrett, Hampton, O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated. Motion number 18.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Motion number 39.

Ayes

Barrett, O'Toole.

Navs

Colle, Crozier, Hampton, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Motion number 36.

Ayes

Barrett, O'Toole.

Navs

Colle, Crozier, Hampton, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Motion number 35.

Ayes

Barrett, Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Motion number 34.

Aves

Barrett, Hampton, O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Motion number 15.

Ayes

Barrett, O'Toole.

Nays

Colle, Crozier, Hampton, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

The third group will be pages 20 to 30, inclusive.

Just so I can keep following along here, page 20 has already been moved.

Mr Barrett: Yes, that has already been moved by Mr Klees with regard to Ontario Works and disability payments. Within this cluster, within pages 20 to 30, on page 24 there is also a PC motion, number 65: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government build upon the previous government's work with respect to welfare reform and keep their promise to "help welfare recipients with skills training" and provide the appropriate funding as part of the 2004-05 provincial budget. This was moved on February 12.

I think the third and remaining opposition motion was made by Mr O'Toole on February 10 with respect to an initiative from the government to have people temper their requests for more with respect to education funding. I don't need to read that motion, do I?

The Chair: No, it was moved prior. You have a little less than 20 minutes for comment.

Mr O'Toole: I'd just like to respond. We did receive a lot of input during the public hearing process from educators. I think you've kind of acquiesced to the College of Teachers. The OTF have won. Clearly, you're going to pay back the teachers who voted, both in their classrooms and out, for you. Now you owe them. Let the public be clear that you are going to pay, starting with the colleges last week, of about an 8% increase, which is greater than the growth in the economy, which I think is going to be challenging. I think it's important to put on the record, from your own document, for the TV cameras—could you zoom in on that a bit? I want to put on the record here that you have now been captured. The chase is over. The hunt is down. Gerard Kennedy has been wrestled and hog-tied to the ground. You have the college now, and now they want, including my wife, 20 per class. I don't know if they're going to see that in the budget or not.

1150

Here's what Greg Sorbara, who was then the finance minister—I'm not sure in the future. He's the person who should be delivering the budget; he could be in court that day. However, I'm going to read from page 8 of your document, the economic outlook and fiscal review. It says:

"The second element of our work plan is restraint. This must be our watchword as we begin to redesign government. We're already paying more than \$10 billion a year in interest on our debt. This is more than we spend on operating funding for our primary and secondary schools." This is the important part: "So we're asking our partners in health care, education and the rest of the broader public sector to temper their requests for more."

As Peter Kormos said that day, he could see Dalton's face, but he heard Bob Rae's voice. I thought that was excellent. I don't know who writes his material, but they do a good job.

Mr Hampton: He saw his lips moving.

Mr O'Toole: He saw Dalton's lips moving—

Mr Wilkinson: I can hear Flaherty.

Mr O'Toole: Actually, no; Jim is known for compassion.

Laughter.

Mr Colle: Especially with the homeless.

Mr O'Toole: Let it be noted for the record that the Liberals are screaming with laughter. The point is—I wouldn't like to bring up the personal challenges of Mr Flaherty and his family.

Laughter.

Mr O'Toole: It's just unbelievable, the disrespect.

I'm going to focus on one, PC motion 23, which I've just cited in your own document. I would hope that you would live up to this and support Dalton—of course, the whip will make sure you do—"That the committee recognizes that the plea delivered by the Premiers for the government partners in education to 'temper their requests for more' directly contradicts many of the promises" you made during the election. You're being hoisted on your own petard, as I've heard said by Mr Conway, who isn't here now, being replaced by Mr Wilkinson. I do think there is a contradiction in some of your promises and what you're actually doing. I want to say this in response to primarily the education amendments that were moved here and the other broader public sector issues.

I also want to know on notice of motion 65 what you are going to do to build on helping welfare recipients with skills and training. If you can't support that one you're deserting a group of very vulnerable people in our society. Your program might be different. You might call it Ontario Works; you might call it Liberal Works. I don't know. Call it the slush fund scandal, like the federal Liberals do, but find some way of helping people to take control of their lives.

The definition of conservatism is this: being fiscally conservative and socially compassionate. That is the record right as far back as Sir John A. Macdonald, who built this country, and, more recently, Bob Stanfield, the leader of the Conservative Party federally. When I think back to Bill Davis, who built most of the programs we're living on today—they were built by the Conservative government. I can say that, looking forward, I'm confident the leadership candidates will bring that debate as Mr Eves tried to bring that debate—to the people of Ontario that you've got to have a strong economy before you can have a strong quality of life. There are times, like the researchers have outlined, when there are revenue bumps on the road, whether it's blackouts or West Nile or SARS or BSE or the value of the Canadian dollar, that will cause revenue to decline and expenditures will remain constant or grow.

If I put on the record one thing, there are several motions in this cluster that I expect your support on, and I ask for it humbly. Mr Barrett may have something to say.

The Chair: Further comment?

Mr Barrett: Within this cluster, further to PC motion 23—it's found on page 26 and again makes reference to

the 50 different promises with respect to education made by the Liberal government during the recent election. Teachers, school boards, parents and students have all come to expect a fulfillment of these promises. These groupings have also been told to temper their requests for more. I am concerned, as a rural MPP, that rural schools don't have time for waiting. There is a situation with chool closures that will not be solved by any request from government to temper requests for measures to ensure that our rural schools remain viable, and much of that lies with budget measures.

The past few months have been a bit of a roller coaster for rural school supporters. I can think of certainly one school in my area where there has been a bit of a hard-fought campaign to keep this school open. For the parents, the students and the teachers at this particular school—it's called Seneca Unity, just outside of Caledonia—at first blush, there was reason to be optimistic. What people in this community were presented with by the present Liberal government was an election platform, a promise. It was a promise to have "a moratorium on rural school closings." In addition, there was a promise of "an additional \$177 million in funding for rural education."

We know that a moratorium was announced in the form of a request to school boards. This was not legislated. This is seen as a voluntary initiative. Some school boards have publicly stated that they will go down this road. I think what is very disappointing for people connected with Caledonia's Seneca Unity school is-and they've received copies of this election platform that stated a moratorium on rural school closings. They went on the Web site, www.ontarioliberal.ca, and read the news release. It was entitled, "McGuinty to Save Rural Schools." What is concerning people with respect to this particular promise, out of the 50 promises made in the education category, is that the moratorium on school closures has become a post-election request. They're not sure that this request has any teeth. It's a request not backed by legislation, as I indicated, and it's a request that education minister Gerard Kennedy admitted could still see school boards proceed with closures. Of what value is that promise? What value does it have for the parents and students at Caledonia's Seneca Unity?

The concern too is with respect to the \$177 million in funding for rural education: How long will this sit on the back burner? These are issues that are very important for the future of Seneca Unity—and I use that particular school just as an example. I have been involved in a number of battles to keep rural high schools open. We have been successful with those battles, save for one: Burford high school, which did close. But we have a number of schools in the Grand Erie school board whose fate remains in the hands of this present government: Delhi High School, Valley Heights Secondary School and Port Dover secondary school.

As this government continues to delay honouring education promises, funding-related promises that will impact our education system, our school boards are left with the decision of making decisions in a vacuum, dealing with a voluntary request to keep a school open in their jurisdiction without any indication of firm funding. I indicate to members present that our rural students and their parents deserve something better than that, given the indications that were made to them during the election. As far as Seneca Unity, it just indicates that the fight obviously is far from over, in spite of what they heard during the election.

1200

On a more positive note, I ask our Ministry of Education, our Ministry of Finance and school boards themselves to think outside the box, if you'll pardon the expression, and to continue to strive for some direction to attempt to keep those rural schools open where it is appropriate. Distance education, shared staffing—there are an awful lot of ideas kicking around out there, and much of this does relate to a reallocation of resources and a redirection of funding, which is something that I would hope this committee would continue to take into consideration.

Mr O'Toole: Just to refer for members who may have the time to read these volumes of paper produced by research, the section covering education is supported on pages 40 to 50 of the research summary of recommendations from presenters.

A couple of them aren't really in here, but since this section is kind of dealing with the education portion, it says here, for instance, under the section "E-Learning"—it's very important, and I think Mr Peterson was quite impressed with those options. There's a group that presented, SAEL, the Strategic Alliance for e-Learning. They presented on January 28, and they came up with a couple of recommendations which I feel should have been moved during the hearings, and I think Mr Peterson would probably agree. There are some options, specifically when remote and rural schools have too few students to offer advanced calculus or the advanced training courses, where e-learning is certainly one of the solutions.

I'm just going to review a couple of them, and I want to cite the presenters. OECTA, the Ontario English Catholic Teachers' Association, on page 42 of that report, asks for a 13% increase. They've asked also for additional preparation time. I'm wondering what the government is actually going to do in this report to respond to the many-at each destination, I believe there were at least two education presenters, mostly teacher unions. Individual teachers' voices might get muted in all that, but I think there were only two students who appeared the whole time. They are the ones we've got to somehow encourage to hear from in the future. But that is worth looking at. There are a number of recommendations there on the Rozanski report by the Ontario school bus operators, asking for an additional \$40 million. We've just tried to synthesize a few of these recommendations for the members, and I wanted to refer to the great work done by the research people on the Summary of Recommendations Made in the Pre-Budget Hearing 2004, pages 40 to 50, for those who may be tuned in who want to read Hansard.

The Chair: We have reached the noon hour, but I'm advised that lunch is not ready yet. I wonder if we could continue on, and when lunch is prepared, we would take that half-hour recess then.

Interjection.

The Chair: It is ready? We're ready now? I was advised that lunch was not ready; now I'm told that it is. We would come back after. Is it the committee's wish to have lunch now, 12 to 12:30, a half-hour?

Mr Hampton: I thought we were recessing from 12— **The Chair:** It was changed this morning. Should we recess now? We'll recess now for half an hour. We will reconvene at 12:35.

The committee recessed from 1205 to 1235.

The Chair: The standing committee on finance and economic affairs will come to order once again. What we would do now is move to the government, and you have a number of motions.

Mr Colle: I have Liberal motion number 82. I move that the Minister of Finance, in consultation with the Ministry of Community and Social Services, consider changing the previous government's policy of clawing back the national child benefit supplement from those receiving social assistance.

Also, Liberal motion number 83: That the Minister of Finance consider, in consultation with the Minister of Community and Social Services, increasing the maximum allowable earned income for persons receiving Ontario disability support payments, ODSP, in order to remove disincentives for persons collecting Ontario disability support payments, ODSP, from working.

There's a couple more.

Liberal motion number 85: That the Minister of Finance, in consultation with the Ministry of Education, consider addressing the problem of native-speaking aboriginal children who require ESL programming by providing adequate ESL funding.

Also, Liberal motion number 84: I move that the Minister of Finance, in consultation with the Minister of Education, work with school boards and teachers to develop a plan to implement smaller class sizes in the primary grades.

The Chair: Comments?

Mr Colle: If I could just speak to some of the motions here that we've put forward. Number 82, in regard to "the Ministry of Community and Social Services consider changing the previous government's policy of clawing back"—I think it was brought to our attention loud and clear that this was punitive, where we have one government trying to support a social program that's much needed for children and their parents, and yet the provincial level of government claws it back from those receiving social assistance. So that's why I think it's appropriate to ask both ministers to hopefully, as quickly as possible, change this clawback and get rid of it.

Then also, motion 83, disincentives for people on ODSP—again, this relates to, very specifically, a couple

of presenters we had in Kitchener-Waterloo. We had that very articulate young man from London who talked about the disincentives there are if one wishes to work beyond the \$160 limit so they could help themselves pay for the rent, pay for their food and be more independent. I think it's very appropriate for us to see if we can get rid of these disincentives which seem to be counterproductive, especially when there's a willingness to work.

1240

Liberal motion number 85: This was something brought to our attention, certainly in Timmins, and I think it was also brought up in Thunder Bay, if I'm not mistaken. It seems that where there are some children—for instance, I think in Timmins they mentioned children who have Cree as their first language—if they come into the publicly funded school system, the ESL funding does not recognize those native-language speakers as eligible for ESL funding by the Ministry of Education. I think it's appropriate for us to ask the Minister of Education to perhaps include this funding for native-speaking aboriginal children under the ESL funding program.

Also, number 84, "in consultation with the Ministry of Education, work with school boards and teachers to develop a plan to implement smaller class sizes in the primary grades"—I'm sure we all agree that it's critical in the early grades to make class sizes smaller, given the demand on teachers. I know I was at Regina Mundi, a Catholic elementary school, yesterday. It just reminds you of how challenging that job is. I was in a JK class and a senior kindergarten class where you have a couple of children who are learning disabled, with special assistance, in the middle of a class of about 22 or 23. There was a co-op student. These are children with great aspirations, but they are very energetic and demand all the attention they can get. I was just reminded too when they were going out for recess. The recess was only 10 minutes long, so by the time you dress them, then get them out for 10 minutes and have the kids come back in, the numbers are daunting.

I know you talk to some of own colleagues here and some of our constituents and they talk about how difficult it is dealing with one or two or three or four kids in a family, and then you have teachers dealing with significant numbers above the 20. I think it's a very laudable goal, and we're committed to doing that. We are hopefully, with this motion, getting the Minister of Education working again with the teachers and school boards. I remember-I think it was in Windsor-one of the presenters from the local board of education said they had a very good proposal they were going to put forward to the Minister of Education in terms of implementing this goal of reducing class size in the primary, early grades. There is a willingness to co-operate to implement this commitment to the smaller class sizes. I think this motion does help to achieve this.

The Chair: Further comment? Hearing none, we'll move to Mr Hampton.

Mr Hampton: I have a number of motions which I want to move. These motions were filed by Mr Prue at an earlier date. The first one is NDP notice of motion number 73. I move that: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that, in its 2004-05 budget, the government eliminate the national child benefit clawback and ensure, at a minimum, a costof-living increase for those receiving Ontario Works and ODSP assistance. This would constitute a meaningful first step in implementing promises made in the Liberal 2003 election platform and in opposition to end the clawback, and to increase both the basic Ontario Works allowance and ODSP. This would cost approximately \$250 million but, as I say, it represents a minimum step in implementing something that all Liberals across the province said they were committed to doing during the 2003 election.

The next motion that I want to draw your attention to is the NDP notice of motion 75. Again, this was filed by Mr Prue on February 24. I move that: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government allocate at least \$75 million to expand Ontario's regulated, non-profit child care system in its fiscal year 2004-05 budget. This would constitute a meaningful first step in implementing promises made in the Liberal 2003 election platform to invest \$300 million in child care and to extend child care assistance to 330,000 children. I move the adoption of this resolution. As I say, this is a minimum first step.

The next notice of motion is NDP notice of motion 71, again, filed by Mr Prue on February 24. I move: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government allocate \$1 billion in new educational funding in its fiscal year 2004-05 budget. This would constitute a meaningful first step in implementing the Liberal 2003 election education promises (including Dr Rozanski's education financing recommendations), which would cost approximately \$3.2 billion over four years.

Next, NDP notice of motion 80: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government provide sufficient funds in the fiscal year 2004-05 budget to make aboriginal children who speak neither of Canada's official languages eligible for English-as-a-second-language (ESL) funding. Currently, ESL is not available to native-born speakers of aboriginal languages such as Cree and Ojibwa. In northern Ontario, many aboriginal children enter the public school system with little, if any, knowledge of either of Canada's official languages.

I believe that's it. I'd like to speak to those resolutions. First of all, to the resolution with respect to the national child benefit and to increasing levels of assistance under Ontario Works and ODSP, I want to quote a question from a fellow named George Smitherman, now Minister

of Health. His question was to the former Premier, and it was:

"My question is to the Premier. Earlier in questioning from my leader, you acknowledged that there are 100,000 kids living on social assistance today in the province of Ontario, and we would all agree that's too many. The reality is that there are" that many.

"Yesterday you brought your little empty red wagon express of Ontario's Promise to St James Town, ground zero in the war on poverty, in my riding of Toronto

Centre-Rosedale.

"I want to ask you a question, Premier. If you really want to do something to help those 100,000 kids living on social assistance in the province of Ontario today, will you stand before us today and tell us that your government will end today its awful clawback of dollars that the federal government has directed toward the poorest kids in our province and allow 100,000 children living on social assistance in Ontario to have the full benefit of federal government dollars in their pockets to deal with the poverty that they face every single day?"

Thope that the Liberal members of this committee will now say what you said in opposition. It would cost \$185 million on an annual basis to end the national child benefit clawback and \$65 million on an annual basis for cost-of-living increases for Ontario Works and ODSP recipients. I don't think that is too much for people who are facing a very tough time indeed—in fact, people who

have had their incomes frozen since 1995.

I then want to address the issue of notice of motion number 75, child care. Once again, what was promised in the election platform was to invest \$300 million in regulated, not-for-profit child care and to extend child care assistance to 330,000 children. If I could quote the campaign document, it says that your Best Start program will provide child care for 330,000 children. By your own calculation, you estimated this would cost \$300 million over four years. Therefore, a quarter of that, a first-year down payment, would cost \$75 million.

1250

Then there is the issue of education funding. Again, if I quote from the Liberal campaign document: "Education has never been more important for young Ontarians and for our province's prosperity, yet our schools have never been more threatened and our students ... more at risk." As you know—and I guess I should give credit to the former Conservative government for this; they were finally forced to create a task force to look at education financing. The Rozanski education report established that the bottom line for adequate funding-just adequate funding—of our public education system is this: In 2002, Dr Rozanski called for \$2.1 billion over three years in funding, plus inflation and enrolment benchmarks of about \$375 million per year over the same three years. This would require approximately \$1 billion for the 2004-05 fiscal year just to start to bring us up to adequate funding. So I hope all Liberal members of the committee will recognize the commitments that you made during the election, and you will support this.

Mr Colle has spoken about the problem of native children whose families speak Ojibwa or Cree at home, and those children enter the public school system and yet are not eligible for English as a second language. I think this is just a clear case of discrimination, so this committee needs to move very strongly to end that discrimination.

Those are my amendments, and I look forward to having all the Liberal members of the committee support them. Thank you.

The Chair: Thank you. Now we will move to the voting. Motion number 10: All in favour?

Mr Hampton: Hang on, Mr Chair. I need to make sure I've got this motion number 10 in front of me.

The Chair: It's page 20. We'll be dealing with pages 20 through 30, inclusive.

Mr Hampton: Thank you.

The Chair: Motion number 10: All in favour? Opposed? The motion is defeated.

Mr O'Toole: Could I have a recorded vote next?

The Chair: You're requesting a recorded vote on motion number 73?

Mr O'Toole: Yes.

Mr Hampton: Yes, I want a recorded vote.

Aves

Barrett, Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.
Page 22, motion number 82: All in favour?
Mr Colle: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Motion number 83: All in favour? Carried.

Motion number 65: All in favour? The motion is carried.

Motion number 75: All in favour? Those opposed? The motion is defeated.

Motion number 23: All in favour? Those opposed? The motion is defeated.

Motion number 71: All in favour? Those opposed? The motion is defeated.

Motion number 80: All in favour? Those opposed? The motion is defeated.

Motion number 85.

Interjection: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, O'Toole, Peterson, Orazietti, Wilkinson.

The Chair: The motion is carried.

Motion number 84.

Mr Crozier: Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, O'Toole, Peterson, Orazietti, Wilkinson.

The Chair: The motion is carried.

Now we will be working with motions within group 4, pages 31 to 41, inclusive.

Mr O'Toole: What is the grouping here?

The Chair: They are agriculture, economic development and trade, energy, and environment.

Mr O'Toole: Is there an index here? I'm missing something. Is there an index? There should be an index. I don't know what the groupings are.

The Chair: No, there isn't. For the benefit of the committee, 31 to 34 are agricultural-related; 35 is economic development and trade; pages 36 to 38 are energy; and pages 39 to 41 are environment.

Mr O'Toole: Very good. Excellent.

The Chair: We'll begin with the official opposition motions.

Mr O'Toole: Mr Barrett and I will probably change this, because Mr Barrett is profoundly interested in agriculture, as I am. I've got different roles in energy, and he is profoundly interested in environment as well. So I'll just start here. My understanding is, we're moving from pages 31 to 41 inclusive, right?

The Chair: Right.

Mr O'Toole: On behalf of Mr Barrett, notice of motion 50: That the standing committee on finance and economic affairs recognize that this government is committed to banning smoking throughout the province and therefore recommend to the Minister of Finance that the government keep its promise to "establish a community transition fund to help farmers move away from growing tobacco" and announce specific funding levels as part of the 2004-05 provincial budget.

Motion 64: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government build upon the previous government's work with respect to nutrient management and keep their promise to "ensure that farmers are not left paying the entire bill" and provide the appropriate funding as part of the 2004-05 provincial budget. That was moved on February 12.

Motion 66, moved on February 12: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government build upon the previous government's work with respect to welfare reform and "work with farm organizations, food

processors and the federal government to ensure the highest safety and quality standards for our food products" and provide appropriate funding as part of the 2004-05 provincial budget.

I hope I read that correctly. Yes, OK. 1300

Motion 67, filed on February 12: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep their promise to assist farmers by helping to "brand our food products as the best and the safest in the world and market them aggressively" and provide the appropriate funding as part of the 2004-05 provincial budget.

Motion number 93: We'll let Mike Colle do that.

Page 36, motion 60, moved on February 12: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "complete a new tunnel and add a third turbine to the Beck generating station at Niagara Falls" and provide the appropriate funding as part of the 2004-05 provincial budget.

Motion 61, moved on February 12: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "reduce electricity use (of the Ontario government) by 10%" and provide the appropriate funding as part of the 2004-05 provincial budget.

We'll let the Liberals do the next motion.

Interjection.

Mr O'Toole: Number 20 was a very good one, actually. It's the GlobalTech one. It has already been moved and I think it's endorsed.

Motion 62, page 40: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise that "Ontario gasoline will be required to contain at least 5% clean-burning ethanol by 2007, rising to 10% by 2010," and provide the appropriate funding as part of the 2004-05 provincial budget.

Page 41, motion 63, moved on February 12: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "implement every recommendation of the Walkerton inquiry" and provide any necessary funding as part of the 2004-05 provincial budget.

Thank you for your respect on that. Mr Barrett will probably lead off with his comments, as long as he gives me half the time.

Mr Barrett: Agreed. With respect to the opposition motion calling for the establishment of a community transition fund to help farmers move away from growing tobacco, we know the present government made a commitment for funding during the election to the tune of \$50 million. There has been considerable debate on that fund proposal, in the sense that there is a body of opinion out there that it would not go a long way to assist farmers to either add their acreage or have their quota bought out. In addition, by doing that, problems would be created in the sense that growers of other commodities would then

be subject to tens of thousands of acres on that kind of soil, the Norfolk sand plain, coming on the market to grow products like tomatoes or ginseng and other crops like that. There would be a saturation of the market.

So there is a call for government assistance, both provincial and federal, to assist in the transition to new rural economic endeavours, assistance in infrastructure, assistance with respect to marketing new commodities and assistance with respect to processing. Farmers on the Norfolk sand plain can grow just about everything, including certain sub-tropical crops, but finding a market for them is a challenge. For that reason, there is the request for government assistance.

There is some new material that I wish to draw to the attention of members of this committee. The major player in Canada's tobacco agribusiness, Imperial Tobacco, has indicated that they will be importing tobacco to a very large extent. Increases in their purchases of imported leaf—and who knows what is sprayed on that product in other countries, whether it be Brazil or African countries or India? Second, they're walking away from the two-price system. They will be implementing a unilateral price cut for tobacco growers, and there's concern that other companies like JTI-Macdonald, Rothmans and Benson and Hedges will follow suit. This just came to light a few days ago. This is just to reinforce the need for compensation.

From what I consider to be a very good research package that we have here with respect to tobacco taxes, we do know that the Ontario government in the coming fiscal year will probably be accruing well over \$1 billion in tobacco taxes. This kind of addition of tax revenue from tobacco to both levels of government, as we know, has been going on for years and years. Very simply, the farmers are asking for a little bit of that tax money back.

One thing that's very interesting is I know we asked about the impact of contraband. There is leakage, if I could use that expression, with respect to tobacco tax revenue, compared with what projections are made. We see that in 2003-04, the tobacco tax budget forecast is \$1.3 billion and the tobacco tax revenue came in at \$1.169 billion. So \$156 million less tax than forecast came in. The question is, where did that product go? The speculation is that that product, comparable to that amount of money, was probably purchased out of the trunk of a car or perhaps on Native reserves.

That's probably the most important thing I want to say about tobacco. I know some of these resolutions touch on environment and energy, and we really do have to put our thinking caps on with respect to new sources of energy and alternative sources of energy. We have a very serious problem, a looming problem, with respect to supply. There is evidence now, three years running, of limited gas reserves, dwindling supplies of natural gas. We need incentives, not only for supply but, further to that and where I'm heading, with respect to a large Ontario Power Generation plant in my riding that uses coal, as do four other plants—Thunder Bay, Atikoken and over on the St Clair River. There is a case to be made for investment

in technology to continue to reduce emissions and to look at clean coal technologies.

The expression "clean coal" has been abused in a sense, but a lot can be done and certainly a lot has been done by the past government with respect to applying SCRs, selective catalytic reduction units, on these kinds of plants. As far as supply of coal goes, there doesn't seem to be a problem there. The global supply is pegged at 1,000 years. Someone will have to deal with it 1,000 years from now.

Mr O'Toole: I guess the energy file is one that we probably should try and follow up on, the work already done by a number of all-party committees, starting right from the very beginning with the nuclear select committee, which talked about the recovery of the nuclear facilities, as well as the alternative fuels committee and it's all-party unanimous report—some good work done there—and certainly the committee that was established when we were government, the generation and conservation committee and the good work done there. Energy is going to be an important and challenging file for the future. I think a mix of partners in that is going to be important.

1310

We do encourage you to complete the already committed work on the Beck generating station at Niagara Falls that's using off-peak power to pump water back up over the falls into a reservoir and then bring it down over the falls at peak power so that you're using electrons that would otherwise be dissipated in non-peak times. There are a couple of other recommendations as well that we had been working on. Beck 3 was widely supported by Jim Bradley. I think the work has been done and all it needs now is your completion for that to happen. That is in motion 60.

There's also the commitment of the all-party committee to reduce our own use of electricity. Specifically, I could draw to your attention, as a commuter each day to Durham—my wonderful riding of Durham; I'd like to be the member there for the next 30 or 40 years—that to reduce that use it's as simple as turning half of the lights out on the highways, every second one; you could save 50%. Half of it's a waste, because you get past Oshawa in my area and there are no lights. If I can drive most of it with no lights, and if I'm in an urban area I can't see, there's so much light—it's almost like light pollution; there are just 10 zillion cars zinging around. I think there could be some initiative by the Ministry of Transportation to—

Mr Colle: Turn off the lights in Durham. Is that your motion?

Mr O'Toole: No, the area of my riding is not lit, Mr Colle, and that's the problem. Toronto has everything lit up. It's just practical things like that that I suspect you should look for, and motion 61 would do that.

I believe the whole issue of the gas tax is certainly something that falls under this. You promised to commit some of the billions of dollars—\$300 million is your commitment, I think—and I know Mr Colle must just be

sweating this one to see if you're going to actually do it. I doubt it. You broke every other promise; why would you keep this? The gas tax is needed by municipal transit. We hear it; we've seen it. The federal government seems to be willing. You've got to have the confidence and the leadership to make the first step. I haven't seen any leadership yet, and this will be a first. I think it should be announced by Mr Takhar, the Minister of Transportation. How it will be announced, the way I see it, is that Dalton will announce it, then Greg will announce it, then Takhar will announce it, then Mike Colle will announce it, and then you'll never do it. That's the problem. But the gas tax is something you committed to, and I think it's actually the fulcrum where the people are at right now, that very balanced point where if you don't do this, you're in big trouble.

As far as I'm concerned, the clean-burning coal has actually been talked about. We brought forward one of our recommendations, motion 62 here, to talk about 5% ethanol. That would certainly be a solution in agriculture—I think Mr Hoy would probably agree with that—and raising it to 10% by 2010. All parties agree that clean, efficient fuel creates a better burn, and it was one of your promises. But again, your promises are like having a piece of Monopoly money, really: It looks good, but it doesn't do anything.

Interjections.

Mr O'Toole: No, the money you've been spending recently, I believe, is the money that is questionable.

The Chair: Order.

Mr O'Toole: I believe that with the commitments and the work we had done with Walkerton and Justice O'Connor's report it is clear that we were following up on all the recommendations on that, unlike the meat inspection, where you promised a full inquiry and you didn't. This sounds like a technical discussion—

Mr Colle: You fired the inspectors.

Mr O'Toole: No, no. You really deceived the people of Ontario. In agriculture, they know about it. They know that you promised an inquiry. What did you have? Some other form of cover-up, I suppose, that you're doing—that I think you're doing, anyway.

Those are the motions I think we should be looking at, and I appreciate your support on all of them.

The Chair: We move to the NDP and Mr Hampton. You have up to 20 minutes for comment.

Mr Hampton: I don't believe we have any amendments in this section, although I will be voting for some of the amendments that Mr O'Toole spoke on earlier, because some of them clearly have merit. For example, the requirement that Ontario gasoline will "contain at least 5% clean-burning ethanol by 2007, rising to 10% by 2010" is certainly worthy of support, and, following that, also requiring the government to keep its promise to implement every recommendation of the Walkerton inquiry.

I think that is about it, unless I have missed something. That's it.

The Chair: Thank you. We'll move to the government.

Mr Colle: I have a couple of motions to move. Liberal motion 93: That the Minister of Finance consider reviewing Ontario's beverage alcohol system to determine if improvements in efficiency can be achieved to realize cost savings, improve service to consumers, and maximize revenues for the Ontario government. So moved.

I also want to move Liberal motion 86: That the Minister of Finance, in consultation with the Minister of Energy, consider launching a provincial energy conservation program aimed at business and the public to ensure reasonable electricity rates and a reliable power supply. I so move.

I think I have one more. No, that's it.

Briefly, we want to look at different ways of getting more cost savings and better service to consumers, certainly in the beverage alcohol system. As you know, the Minister of Consumer and Business Services, Mr Watson, has gotten great response on his innovative proposal to bring your own bottle to your favourite local restaurant. It's typical of the fresh, new innovative ideas we have in our government. Make sure your wine isn't fresh, though; make sure it's aged a bit before you go. Those are the kinds of things we want to have open discussion on.

Also, I know the Minister of Energy, with the parliamentary secretary, Donna Cansfield, is pursuing a comprehensive conservation program whereby we're going to engage in a partnership with business, with schools, with public institutions in terms of ensuring that we can save on exorbitant electricity usage, like we have in this committee room right now with all these lights turning up the heat, and then the heat's on at the same time. We've got to stop doing these crazy things, because there's only so much power and we can't afford to pay for the energy mess the previous government left us in. If you look at OPG and Hydro—we used to be the model for the world. We've become the laughingstock.

We are ready to move ahead and make the province a better place for everyone.

The Chair: Further comment?

Mr Wilkinson: Frankly, I was appalled and shocked when I read Mr O'Toole's motion 66. I happen to represent the largest rural riding in southwestern Ontario, and I cannot believe that Mr O'Toole decided to move this motion where he references agribusiness, the second-largest industry in this province, and says we're going to build upon the previous government's work with respect to welfare reform. I can't believe you would put welfare reform and agriculture in the same motion. I would think every farmer in Ontario is insulted that you would do that. There is no way I could show my face in Perth-Middlesex and vote for that motion.

1320

The Chair: Further comment? Hearing none, I will now move to the voting.

Motion 50: All in favour? **Mr O'Toole:** Recorded vote.

Ayes

Barrett, Colle, Crozier, O'Toole, Wilkinson.

The Chair: Carried. We need time to record the vote. Motion number 64: All in favour?

Mr O'Toole: Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Mr O'Toole: Mr Chair, some clarification on this one, motion 66. Not being the actual scriber or writer of this motion and not to question the great work done in welfare reform, but I don't see where the relationship exists. Whoever wrote this sort of has an ideological time warp going on here.

The Chair: Do you want to withdraw?

Mr O'Toole: I'll withdraw this motion.

Mr Barrett: I'm not sure we need to withdraw the motion, but I think the word "welfare" has been inadvertently inserted in a motion that deals with food safety and food quality. I would think that's an honest mistake.

The Chair: You'll have an opportunity to vote—

Mr O'Toole: Just take that out.

The Chair: —so we'll call the question.

Mr O'Toole: Excuse me, Chair.

The Chair: Do you want to amend it?

Mr O'Toole: With your indulgence, we will amend it, and I will amend it by saying "the previous government's work with farm organizations, food processors," whatever, to ensure the highest quality. Take the "welfare" line out from "previous government's work with ... farm organizations, food processors and the federal government." Just take the "respect to welfare reform and" out. That's what I move as an amendment.

Mr Colle: On a point of order, Mr Chair: The motion is before us, and it was filed back on February 12. The filer of the motion had an opportunity for the last month, and I would certainly like to be on record as opposing the intent of this motion. I would like to vote on it as is.

Mr O'Toole: I seek unanimous consent to amend this motion—

Mr Colle: No. Denied.

Mr O'Toole: —as suggested by Mr Wilkinson.

The Chair: Is there unanimous consent to amend the motion? I heard a no. Now we'll put the question.

Mr O'Toole: I move that we withdraw this motion.

The Chair: The motion is withdrawn.

Mr Colle: Let it be noted on the record that the motion was filed on February 12, is totally opposed by the members of the government, and is totally inappropriate.

The Chair: That's not a point of order.

We'll move to motion number 67. All those in favour?

Mr O'Toole: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Mr Hampton: This next motion is a Liberal motion, but it looks like old Conservative-speak.

The Chair: Motion number 93: All in favour?

Mr O'Toole: Recorded vote.

Ayes

Barrett, Colle, Crozier, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

Nays

Hampton.

The Chair: The motion is carried. Motion number 60: All in favour? Mr O'Toole: Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 61: All in favour? Mr O'Toole: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Motion number 86: All in favour? Carried.

Motion number 20: All in favour? Opposed? The motion is defeated.

Motion number 62: All in favour? The motion is carried.

Motion number 63: All in favour? The motion is carried.

Now we will be working with group five from pages 42 to 59, inclusive. These motions pertain to health. Just a moment, please.

In your package you will note in group five a heading of "Health," where it says to cede motion 8.

Interjection.

The Chair: You have it in your hand there.

Mr O'Toole: Oh no, I got it from legal staff or research or whatever.

The Chair: All right. I will explain, then. We can make copies of it, if you like. However, I will explain.

Motion number 11 on page 43 is also contained in motion 8, which was previously passed. Motion number

49 on page 52 also contains issues that were passed in motion 8 previously. Motion 40 on page 53 also contains items that were passed in motion 8 previously. Motion 69 on page 54 also is contained within motion 8. Motion number 41 on page 55 is also contained in motion 8. Motion 42 on page 56 has information also contained in motion 8.

Now, motion 8 is at the back of your package, where we explained this morning on motions that were previ-

ously passed or withdrawn.

We'll go through each of the motions in group five, but be reminded that part of the motions you're dealing with now may be contained in motion 8. We'll begin with the official opposition. You might want to state the motions.

1330

Mr Barrett: I'll state the motions. PC notice of motion number 51, found on page 42: Despite the recent appointment of a new chief medical officer of health, the standing committee on finance and economic affairs recommends to the Minister of Health and Minister of Finance that the government keep its promise to "make the chief medical officer of health an independent officer, rather than a government appointee." I so move. This was submitted on February 12.

Page 43 is covered by motion 8, as I understand.

The Chair: Part of it may be covered, but not all of

Mr Barrett: I await your direction.

The Chair: —and motion 8 has been moved prior.

Mr Barrett: Mr Klees has made this motion on page 43.

The Chair: Just to maybe give a little more guidance, parts of these motions are contained in motion 8, but not everything that was spoken to in those motions may be in motion 8. I'm simply reminding the committee that you passed motion 8 and you have motions before you that may contain similar concerns, just so you can decide on how you're going to vote, because you voted for motion 8, which does have some of the components of each of the other motions I mentioned. I would think we should probably have them put on the record, that you read them.

Mr Barrett: We know that this one, number 11, is already on the record. This particular motion, with respect to Cheshire Homes, was moved on January 29 by Mr Klees. So would we leave it at that rather than read it?

The Chair: Yes, we'll leave it as moved.

Mr Barrett: OK. Just skipping over to page 47, there is a PC motion, number 19. This was moved by Mr Flaherty on February 9, making reference to some initiatives from the Peterborough County Medical Society.

On page 48 we have an opposition motion, number 45: That the standing committee on finance and economic affairs recommend to the Minister of Health and the Minister of Finance that the government keep its promise of "opening 1,600 (new hospital) beds" and allocate the necessary funding as part of the 2004-05 provincial budget. This was submitted on February 12.

Page 49, PC motion number 47: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government build upon the announcement from the 2003 provincial budget to provide funding to hospitals on a three-year basis and keep its promise to "bring stability to our hospitals by providing adequate multi-year funding" as part of the 2004-05 provincial budget. That was submitted on February 12.

PC motion number 21: Mr Klees made a motion on February 9 with respect to MRI and CT.

PC motion number 43: That the standing committee on finance and economic affairs recommend to the Minister of Health and the Minister of Finance that the government keep its promise to "expand MRI and CT services in the public system" as part of the 2004-05 provincial budget. That was submitted on February 12.

On page 52 there is a PC motion, number 49, which I assume was covered in part by motion number 8. This has not been read into the record. I move that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government build upon the previous government's success of increasing medical school enrolment by 30% and keep its promise to "increase medical school spots by 15%" and provide funding for those spots as part of the 2004-05 provincial budget. That was submitted on February 12.

PC motion number 40, we understand, is covered in part by motion 8: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "hire 8,000 new nurses" and provide appropriate funding for these positions as part of the 2004-05 provincial budget.

That was submitted on February 12.

On page 55 there is a PC motion, number 41, which we understand is covered in part by motion 8: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "fund more positions for nurse practitioners" and provide appropriate funding for these positions as part of the 2004-05 provincial budget; and that the government commit to provide nurse practitioners with an OHIP billing code. That was filed on February 12.

Page 56, motion number 42: That the standing committee on finance and economic affairs recommend to the Minister of Health and the Minister of Finance that the government ensure that there is a full-time position for every nurse in Ontario who wants one, and provide appropriate funding for these positions as part of the 2004-05 provincial budget. That was filed on February 12 and is covered in part by motion 8.

Page 57, PC motion number 44: That the standing committee on finance and economic affairs recommend to the Minister of Health and the Minister of Finance that the government keep its promise to "set and meet maximum needs-based waiting times for (health) care" and guarantee that each patient will receive treatment within that time as part of the 2004-05 provincial budget. That was submitted on February 12.

Page 58, PC motion number 46: That the standing committee on finance and economic affairs recommend to the Minister of Health and the Minister of Finance that the government keep its promise to "improve the Ontario drug benefit program to ensure seniors get the medications they need" and abandon the punitive notion of increasing prescription fees for seniors. That was sent in on February 12.

The last one I have, on page 59, is motion number 48: That the standing committee on finance and economic affairs recommend to the Minister of Health and the Minister of Finance that the government build upon the previous government's work to create a new college of traditional Chinese medicine and keep its promise to "enhance protection for Ontarians who use non-traditional medicine by regulating traditional Chinese medicine practitioners." That was submitted February 12.

The Chair: Comments? You have what's remaining of 20 minutes.

Mr O'Toole: I appreciate Mr Barrett's moving those because, as he pointed out very clearly, we responded on January 29 to a passionate presentation made that day by health care providers. I believe it was carried, and I compliment the government for listening to the opposition and the third party, which has worked along with us to achieve a couple of these things. I think that most of these things are just restating the commitments that are outlined in number 8.

But yesterday, and some other times, I've been moderating, and I met with the CUPE people from the health care sector last Friday and with ONA, the Ontario nurses—not just Doris Grinspun but others from my riding of Durham. The alarm out there on Bill 8—I sat in for the clause-by-clause yesterday. It was a despicable, draconian, mean-spirited, wrenching, horrible piece of legislation. I can't think of any more superlatives to make the point.

Mr Colle: You should know.

Mr O'Toole: You will perish. This is your bill. Let's not be smart with small quips, Mr—whoever you are. I'm just trying to say—

Interjection.

Mr O'Toole: You can call it whatever you wish, but this is your drafted legislation, Bill 8, which actually guts the health care system. You say some of these motions in here talk about—

Interjection.

Mr O'Toole: It does. You haven't read it. In fact, Mr Smitherman in his press release yesterday—forgive me, Mr Clerk—lied in the press release.

Interjections.

Mr O'Toole: In fact, that press release was refuted in committee—

Mr Colle: Mr Chairman.

Mr O'Toole: I'll reconsider that. I'll withdraw the word. I think if he believes—

Mr Colle: Mr Chairman, I think there should be a formal withdrawal of that. It's not a parliamentary word.

The Chair: I heard him withdraw it.

Mr Colle: Which comment did he withdraw?

The Chair: The word "lied."

Mr O'Toole: The word "lied."

I think Mr Smitherman was fiddling with the truth on that sucker. That press release yesterday was absolutely in your face. Read the clippings this morning. The OMA are happy, because they don't want to upset the applecart. The doctors are now in negotiation on the fee schedule. The OHA, the Ontario Hospital Association, Hilary Short, are so ticked.

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Mr Colle: Mr Chair, what does this have to do with what's before us?

Mr O'Toole: This is about health care. Mr Colle, you don't care about health care.

Interiection.

Mr O'Toole: He doesn't care about health care. Mr Colle and Mr Crozier don't care about health care. That's what I hear them saying. That's what I hear them saying right now, and they can speak for themselves. I won't impugn any more motives.

Mr Crozier: Chair, I can speak for myself.

Mr O'Toole: And you probably will.

Mr Crozier: I didn't say I didn't care about health care, and I don't like anybody insinuating what I do care about. You stick to your feelings and your words, and I'll stick to mine.

Mr O'Toole: If you support anything in this-

The Chair: Order. If you bait the fish, they will bite.

Mr O'Toole: Exactly, and they have.

One thing that really would be good business, respectfully, would be to follow up on motion 11, page 43. We heard from Cheshire Homes in London that a complex continuing care bed in hospital is about \$150,000 a year—Mr Wilkinson would remember that—and that they could do it in the community for about \$60,000. There's a tool. We're actually putting forward in a micro way some mechanism of providing better service at less cost. I hope you'll support that one.

Mr Colle: We appreciate your help. Mr O'Toole: We're here to help.

You talked about providing some of these alternative care things. I can tell you right now, Bill 8—I'm going back to it for a reason. They talk in there about service and service providers and the ability to claw back, and indeed if they don't agree with what the minister says, to fine them. You're talking about these alternative practitioners who aren't today regulated under the Regulated Health Professions Act. You had better walk carefully, because really what you're doing is you're going to micromanage the OHIP fee schedule.

Mr Colle: I have faith in George.

Mr O'Toole: I'll leave that on the record, that Mr Colle believes he's doing the right thing on Bill 8. So I'll leave it at that. That's why this part of the debate is probably the most important, because 50% of your budget is health care. I like the word "innovation." I like the words "recognizing the role of nurses," "distance health"—

Mr Colle: You never did it for eight years.

Mr O'Toole: Of course we did, on foreign-trained physicians, foreign-trained professionals. I'm disappointed that there are no Liberal motions in here to actually take action to improve the innovation in health care.

Thank you for your attention to this matter.

The Chair: Further comment? Hearing none, we'll move to the NDP. Mr Hampton, 20 minutes.

Mr Hampton: There are some NDP motions, some of which were moved already, but I want to speak to those.

First of all, NDP motion 26, which I believe is partially contained within PC motion 8, reads: That the standing committee on Finance and Economic Affairs ask the Minister of Finance to include the Premier's commitment to assist seniors by using the first budget to resolve the underfunding of community support agencies by increasing the base funding by 25% for the Ministry of Health and Long-Term Care; and that this funding be included in the 2004-05 budget in order that the government can live up to the commitment in the first budget as promised. I note that that was moved on February 11.

Finally, Mr Prue filed a motion on February 24, which is NDP notice of motion 74, and I move: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its financial year 2004-05 budget, reverse the Conservatives' 15% increase in long-term-care rates and begin to bring Ontario's per capita funding for long-term care up to the national average. This would constitute a meaningful first step in implementing promises made in the Liberal 2003 election platform to first reverse the Conservatives' 15% increase in long-term-care rates and to improve standards of care for long-term-care residents. This would cost approximately \$260 million a year.

Then I believe there is notice of motion 69, filed by Mr Prue on February 24, 2004. I move: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government allocate sufficient funds to hire a minimum of 2,000 new nurses in its fiscal year 2004-05 budget. This would cost approximately \$100 million and would constitute a meaningful first step in implementing the Liberal 2003 election promise to hire 8,000 new nurses. I believe that is it.

The Chair: I want to correct—maybe I stated it, and if so, it's not correct. Motion 26 by Mr Prue is not contained in motion 8 but rather the one before that, motion 11, just so you know that.

Mr Hampton: Good. Thank you for that.

I now have the opportunity to speak to these. First of all, I want to speak to the issue of 2,000 nurses. To quote from the Liberal election platform, "We will hire 8,000 new nurses. Our strategy will include the creation of more nursing school spaces and recruitment of nurses who have left the profession or left the province under Harris-Eves." I merely encourage the Liberal members of the committee to vote for what you ran on during the election. This is a modest step. It's not 8,000 at once; it's

2,000 a year for four years. According the Ontario Nurses' Association, the cost of hiring each nurse is approximately \$50,000; therefore, the cost of hiring 2,000 new nurses is \$100 million. I hope the Liberal members of the committee will support this motion. After all, it does speak directly to your election platform, and I would regard it as a minimum first-year down payment.

Then there is motion 74, long-term care. Again, I want to quote from the Liberal election platform: "We will make nursing homes more affordable for seniors by rolling back the unfair 15% fee hike brought in by the Harris-Eves government." We will provide funding to "increase standards of care in our nursing homes and ensure those standards are maintained through proper inspection," again a quote directly from the Liberal election platform.

We've had some discussion with folks in the ministry, who tell us it would take \$420 million, first of all, to get Ontario's long-term-care funding to the national average, so \$210 million represents the first of two instalments to get per capita spending up to the national average. Then \$50 million is needed to reverse that part of the 15% rate increase that has already been implemented; the Conservatives indicated that they wanted a three-year phase-in period. Therefore, the minimum investment required—minimum—to start to meet your election commitment is \$260 million this year. As I say, it's a minimum standard.

I would strongly recommend that the Liberal members of the committee support your own election platform, even in a minimalist form.

The Chair: We'll move to the government.

Mr Colle: I move Liberal motion 87: That the Minister of Finance, in consultation with the Ministry of Health, examine community health centres and family health networks as ways of delivering limited health resources better and improving access to health care delivery in the community as part the government's strategy to reduce costs, increase efficiencies and encourage preventive medicine in Ontario's health care system.

Mr Chairman, we think there is time for innovation, and we had some very good presentations in Ottawa and Toronto about the need to get out of the silos of health care that exist now. We need to be innovative, we need to emphasize prevention. The previous government basically left all those things off the table. They closed hospitals, spent money on consultants; no innovation; huge deficits in medicine; doctor shortages. I think the new Minister of Health is on the way to fixing a lot of these, and he's not going to make some of the people happy who are protectors of the status quo. We support the minister as he tries to make our system better for all. Many of these motions are not to be supported, I think, because they direct the Minister of Health, and this committee is not charged with directing the Minister of Health. But there are a couple of these motions that I think are worth supporting and we should move on.

Mr Wilkinson: I just wanted to speak briefly on motion 11 for Mr Klees and note for the record, of

course, that much of what he recommended was contained in motion 8, which was carried by this committee.

Specifically, I have concerns with number 11. I know Mr O'Toole referenced the presentation by the Cheshire Homes people. I have a personal affinity because my father was one of the founders of the Cheshire Homes in Belleville, so I grew up in a home where this was important. Prior to the election, I had been invited to go and visit with a resident in Stratford who was with Cheshire Homes London. I was actually able to go just last week and meet with a young man, a remarkable man, Shawn Clarke, who is a paraplegic, and also Judi Fisher, who is the executive director of Cheshire Homes London at 42 Campbell Court, I didn't know-and I have lived in Stratford for 25 years—that in this large apartment building there were six units where people were living who had various forms of disability—paraplegic, quadriplegic; that the building, because of the owner, had been retrofitted; and that these people were living on the floors completely independently, plus of course the support workers, who also had an apartment in the building so they could provide that 24/7 coverage. Just wonderful.

But it's interesting that in the proposal in front of us the question was that it would be cheaper to be in a Cheshire Home than to be in a hospital, and that is correct. But they also outlined to me, to be clear, that the alternative for most people has to do with whether or not they're in a long-term-care facility with seniors. Here's a young man, Shawn, who would be in a nursing home with seniors and instead he has a very independent life. It actually is more money for him to be in this independent unit than it would be in a long-term-care facility, so I just want to correct the record on that.

Moving forward with that, many of us on this committee discussed the matter with the Minister of Community and Social Services, and I was very happy to hear today that Minister Pupatello announced more money for people with developmental disabilities so they can have community living. We're providing \$14 million in capital and another \$10.3 million in operating funds to create 178 new living spaces across the province. It's actually going to fund 44 projects right across the breadth of Ontario. I think a lot of that is because many of us on our committee, struck by that presentation, went directly to the minister to plead that case.

Mr Colle: She listens, that minister.

Mr Wilkinson: She did listen to us and, I think, listened to the spirit of motion 8. But, as a result, I just want to be clear that I will be opposed to motion 11, because I believe the work we need to have done has been done.

The Chair: Further comment? Hearing none, we'll move to the vote.

Motion 51. All in favour? Opposed?

Mr Hampton: Hang on.

The Chair: We'll wait. All in favour?

Mr O'Toole: Recorded vote.

Aves

Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated. Motion number 11: All in favour? **Mr O'Toole:** Recorded vote.

Aves

O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated. Motion number 26: All in favour?

Mr Hampton: Could I ask you to read the motion just so I'm sure I'm in the right place here?

The Chair: It's on page 44, motion number 26. **Mr Hampton:** I want a recorded vote on this, please.

Ayes

Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Motion number 74.

Mr Hampton: Recorded vote.

Aves

Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated.

Motion number 87: All in favour? Carried.

Motion number 19: All in favour?

Mr O'Toole: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 45: All in favour? **Mr O'Toole:** Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 47: All in favour? Mr O'Toole: Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 21: All in favour?

Mr O'Toole: Recorded vote.

Aves

Barrett, Hampton, O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated. Motion number 43: All in favour? **Mr O'Toole:** Recorded vote.

Ayes

Barrett, Hampton, O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 49: All in favour? Mr O'Toole: Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 40: All in favour? Mr O'Toole: Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 69: All in favour? **Mr Hampton:** Hang on. Just wait.

The Chair: Page 54, motion number 69. All in favour? Opposed? The motion is lost.

Motion number 41: All in favour?

Mr O'Toole: Recorded vote.

Aves

Barrett, Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Wilkinson.

The Chair: The motion is defeated. Motion number 42: Those in favour? **Mr O'Toole:** Recorded vote.

Ayes

Barrett, Hampton, O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Wilkinson.

The Chair: The motion is carried. I correct myself; the motion was defeated.

Motion number 44: All in favour? **Mr O'Toole:** Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried. Motion number 46: All in favour? Mr O'Toole: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Mr O'Toole: Just before we move on that full section, I was just wondering: What's the status now of motion 8?

The Chair: We have one more vote to go through. Clerk of the Committee: Motion 8 was passed.

Mr O'Toole: Where does it stand in terms of it being part of the full report, because it did occur during the public hearings and in full debate? I'm trying to clarify that.

Clerk of the Committee: I guess legislative research is going to try to reword it in such a way that the recommendation in the report will reflect motion number 8 and not these other motions.

Mr O'Toole: Will it be incorporated into the report? **Clerk of the Committee:** It will be attached to the report. Recommendations are part of the report.

The Chair: We have one more vote. Motion number

48: All in favour? Opposed? Defeated.

We'll move on to group 6, which will be pages 60 through 69, inclusive. For the committee, this group 6 has motions that contain democratic renewal, community safety and correctional services, consumer and business services, labour, Management Board Secretariat, natural resources, northern development and mines, and post-secondary education and training. We'll begin with the—

Interiection.

The Chair: Pages 60 through to 69, inclusive. We'll begin with the official opposition.

Mr Barrett: Mr Chair, on page 60, PC notice of motion number 68, I move that, despite the track record displayed during these pre-budget consultations, the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep their promise to "make sure all non-cabinet MPPs are free to criticize and vote against government legislation, with the exception of explicit campaign promises and confidence matters." That was filed February 12.

The Chair: I'm going to rule that this motion is out of order. It doesn't deal with the financial matters of the province.

Mr Barrett: We are considering government legislation. Chair.

The Chair: Financial matters. This does not speak to finances; it just suggests that MPPs be given free will.

Mr Barrett: I know we're leading up to a budget bill, which is legislation; however, it has been ruled out of order. The clerk would have no more knowledge about that than I would.

The Chair: I've ruled it out of order.

Mr O'Toole: You're really basically ruling out of order any free votes, the way I read this.

The Chair: Please continue.

Mr Barrett: On page 61, PC notice of motion 54: I move that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "put 1,000 new officers on the street" and provide the appropriate funding as part of the 2004-05 provincial budget. This was submitted on February 12.

PC motion number 55: I move that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "hire an additional 100 parole and probation officers" and provide appropriate funding as part of the 2004-05 provincial budget. February 12.

PC motion number 56: I move that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government give people the power to put their phone numbers in a non-telemarketing registry and prohibit telemarketing companies from calling anyone on that list, and provide the appropriate funding as part of the 2004-05 provincial budget. A February 12 submission.

PC motion number 33: I move that the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "support an audit of the effectiveness and cost of WSIB operations" to identify improvements in the program that will benefit both SMEs and workers as part of the 2004-05 provincial budget. A February 12 submission.

Going down to page 68, there was a motion made by Mr Hudak on February 5th with respect to the northern Ontario heritage fund that would be recorded in Hansard.

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The Chair: You have the time left remaining in the 20 minutes for a comment.

Mr O'Toole: This is a broader collection, a collage of issues, but I think the most important one that I just want to spend a couple of minutes on, to reinforce the Management Board's Mr Phillips, whom I have a lot of respect for—he was on this committee for many years, and knows full well that there was no deficit that wasn't known, if there was one.

I just want to refer again to the government's own document here on free collective bargaining. I know Mr Hampton will probably want to say something on this too. I've said it before and I'll say it again, this is quoting from this book—

Mr Hampton: Another one bites the dust.

Mr O'Toole: Yes exactly, eight—"So we're asking our partners in health care, in education and in the rest of the broader public sector to temper their requests for more. We're asking them to bring forward new ideas to ensure the long-term sustainability of public services that they work so hard to provide."

I guess there's really a mixed message here. The public sector is being told to hold the line, while at the same time, we're in here trying to, under those two motions that Mr Barrett read—and we'll see how the vote turns out on that. But the current settlement with the Ontario community colleges is a good example of actions speaking louder than words. I don't know just how the government's going to actually handle that because it looks to me like, when they allowed those increases to occur, they really gave a signal to cut classes or increase class size. Unless you're going to give them more money; that's the only way they can do it. More money, I guess, is going to be piled on to the additional tax base.

Also, Mr Prue moved one here on post-secondary education tuition. There's been a lot in the paper on how graduate school tuitions are just going through roof. My oldest son has just finished law school. I know some of the students in attendance here will likely be attending law school—at least that's my understanding. I don't like to mention names. You'll have to speak to the clerk here to see if there are any raises coming forward because the tuition is going up under this government. There's no question about it. They say "tuition freeze" in one language. They don't talk about the real consequence for students.

Interjection.

Mr O'Toole: No, we allowed the deregulation of fees. Mr Colle is now reinforcing the idea that it's going to be eight years of taxes. I put to you, it's going to be four years, because you'll be in government for four years and, in that time, you'll have increased taxes and increased spending. The people know better.

That's really all I have to say. We'll relinquish the rest of our time because I know the government members aren't listening. They're out having coffees and various things.

The Chair: Further comments? Hearing none, we'll move to the NDP.

Mr Hampton: I have a couple of motions which I want to put before the committee. First of all NDP motion number 52: That the standing committee on finance and economic affairs recommend to the Minister of Finance and to the Premier—

The Chair: This has already been moved, Mr Hampton, so it's on the record.

Mr Hampton: Oh, it's already been moved. Then I just want to repeat it so that everybody knows what it is.

—that the new government reiterate its commitment to be fair to the members of the Ontario civil service;

By clarifying that the government supports free collective bargaining;

By not legislating unfair and unjust working conditions and pay schedules upon its civil servants;

And further that this commitment be stated in conjunction with the announcement of the 2004-2005 budget.

Next is the NDP notice of motion number 78, filed by Mr Prue on February 24: I move that be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that, in his 2004-05 budget, the government allocate sufficient funds to allow for "good faith" bargaining with our public sector partners.

Notice of motion number 76, filed by Mr Prue on February 24, 2004: I move that be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government, in its financial year 2004-05 budget, freeze all regulated and deregulated college and university programs as well as ensure that base funding is sufficient to compensate for the tuition freeze and to keep pace with inflation and enrolment growth. These commitments would cost approximately \$250 million and would constitute a meaningful first step in implementing Liberal promises made during their 2003 election platform to freeze all college and university tuition fees and provide adequate funding to our colleges and universities.

I'm trying to help you implement your program.

Finally, NDP notice of motion number 70, filed by Mr Prue, February 24, 2004: I move that be it resolved that the standing committee—have I jumped ahead one? This is notice of motion number 70. Am I jumping ahead on this? Sorry. I think I've jumped ahead.

The Chair: Number 70 is in the next group.

Mr Hampton: That's right. I'd like to speak to those resolutions briefly. First of all, to notice of motion 76, let me just refer once again to the commitments given by the Liberals during their election campaign. This is a quote from the Liberal platform: "We will immediately freeze college and university tuition for at least two years." That was in the Liberal election platform, and I know it was repeated several times by Liberal candidates and by the now Premier himself.

We've spoken with OCUFA. We've also spoken with a number of other people who have expertise in this area. The cost of compensating for the tuition freeze is approximately \$175 million, while an additional \$75 million is required to keep pace with inflation and enrolment growth. Therefore, this will require an investment of \$250 million this year. Since I want the Liberals to keep their election commitments—otherwise, why would they have made these promises?—I urge all Liberal members of the committee to support this motion.

There's the motion, bargaining in good faith, and I simply want to refer to Mr McGuinty's comments made many times before the election that a Liberal government would value the public service, would value the work, the contribution, the efforts of the public service. I would think that at a minimum, that means bargaining in good faith and it means ensuring that there is revenue support for that bargaining position.

I think that covers what I wanted to address at this time.

The Chair: We'll move to the government.

Mr Colle: I just want to move Liberal motion number 91: That the Minister of Finance, in consultation with the Ministry of Natural Resources, consider lifting the moratorium on the "community conservation lands" category of the conservation land tax incentive program in accordance with the current proposal from the Ministry of Natural Resources so that agreed categories of land owned by land trusts are eligible for property tax relief, thus recognizing the importance of preserving ecologically significant lands for future generations. I so move.

This is something that will encourage non-profit conservation organizations across this province that are doing an amazing job of conserving fragile ecological land, so they won't be punished with punitive property taxes. We're looking for the minister to consider this.

Just a few comments on the other motions. Again, the Minister of Training, Colleges and Universities was very emphatic when she did freeze tuitions; they have been frozen. I know there's not agreement on the other side about that, but they've been frozen.

Secondly, bargaining in good faith: Again, we've seen that we bargained and are bargaining in good faith with our community college teachers. Difficult things are going on, but we're trying to do the best we can given the disaster left to us by the eight years of tax cuts and spend-and-slash by the previous government. So we're moving ahead but we can't do it all in four months.

Mr Wilkinson: Specifically, I want to address my comments to motion number 56. I think we are all plagued by telemarketers who we would rather not call us, and I understand the spirit of the motion. Unfortunately, in my opinion, it really has nothing to do with the finance ministry and it really isn't appropriate for this committee.

What I really found, following Mr Colle's line about the road to Damascus running through Queen's Park and perhaps the Progressive Conservative caucus, is that it's amazing that motion number 33 was actually introduced and filed by Mr Arnott with a straight face and read into the record today by Mr O'Toole. It really is calling for

major shakeups at the WSIB, which they have been running for the last eight years.

I'm glad to say that we think that change actually is working. That's why we're proud to support that. To think, in regard to Mr Wright's expenses, we find from a freedom-of-information request that he hired Jeff Bangs, whom all of us know as a Conservative political organizer, that he hired his wife, Karen Gordon, for \$85,000 a year for two days a week worth of work. Now, there's a job to have.

So I am supportive of the fact that the opposition actually sees the light, and I think we are really looking forward to supporting that motion here today. I'm sure we'll have a recorded vote on that, if we could just have that

I do have some concern with motion number 76. It was filed by Mr Prue, and although we agree with the intention, given the fiscal situation that we've inherited, it is very important for our government to be prudent. I think that's why we've called, with Minister Chambers, for the freeze. But to tie the hands of the Minister of Finance in this regard—we leave it up to his good judgment as to how to make sure that we ensure post-secondary is affordable. I was at Loyalist College in Belleville just last night for the dedication of a new lecture hall to my father. It was a moving experience for me. The commitment we have to post-secondary in this province is crucial, particularly colleges, so that we get the skilled workers that our economy needs and deserves.

The Chair: Further comment? Hearing none, we'll move to the vote.

Motion number 54: All in favour? Carried.

Motion number 55: All in favour? Carried.

Motion number 56: All in favour? Those opposed? The motion is defeated.

Motion number 33: All in favour? **Mr Wilkinson:** Recorded vote.

Ayes

Barrett, Colle, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

Motion number 52: All in favour? Carried.

Motion number 78: All in favour? Carried.

Motion number 91: All in favour? Carried.

Motion number 17: All in favour? Carried.

Motion number 76: All in favour? Those opposed? The motion is defeated.

Now we go to group 7, which is the remainder of your package, pages 70 to 81 inclusive. The headings for this grouping are "Municipal Affairs," "Tourism" and "Transportation." For those who might want more information about this, Municipal Affairs is on pages 70 to 77 inclusive, Tourism is on page 78 and Transportation is on the last three pages, 79, 80 and 81. We'll move to the official opposition.

Mr O'Toole: Motion 58, moved on February 12: That the standing committee on finance and economic affairs

recommend to the Minister of Finance that the government keep its promise to "establish a seamless, integrated ticket system that will allow users to move easily across the GTA using only one ticket," and provide the appropriate funding as part of the 2004-05 provincial budget.

Number 59 was moved on February 12: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government keep its promise to "make transit passes a non-taxable benefit, so people who receive passes from their employers will no longer have to pay taxes on this benefit," and provide the appropriate funding as part of the 2004-05 provincial budget.

Motion 70: I'll leave that for Howard.

Motion 92: I'll leave it for Mike. Motion 90, for Mr Colle. Motion 72, for Mr Hampton. Motions 88, 89. Motion 16—

The Chair: This one has been moved by Mr Klees prior.

Mr O'Toole: OK. What this one here is talking about is the hotel levy. I guess we can discuss that.

PC motion number 12, moved on January 29—

The Chair: This was also moved prior.

Mr O'Toole: OK. This was to do with the Chair, Mr Hoy, paving the shoulders and that on Highway 401.

PC motion number 13, moved January 29: Do I have to read this one?

The Chair: No, it's been moved. Mr O'Toole: It's been moved, OK.

The last one is motion 57, moved on February 12: That the standing committee on finance and economic affairs recommend to the Minister of Finance that the government support trade with the United States by keeping its promise to "invest in necessary highway and road improvements to ensure adequate access to critical border trade links, starting with Windsor, Niagara and Sarnia," and provide the appropriate funding as part of the 2004-05 provincial budget.

Thank you for listening to those motions moved by this caucus. Public transit is an extremely important one. I'm going to take a very brief time because we've moved with a great deal of co-operation here this afternoon. On the integrated transit pass, I think Mr Colle would probably have a lot to say on this, and I certainly would. In Durham region, having an integrated system within the GTA would be the ideal point, but certainly a starting point, if some of these amendments could serve as advice, would be to integrate the passes by region. Some regions have already initiated those actions. I think York region has, but I'd like to see it done in Durham.

1430

Also, on the commitment mentioned in the NDP motions with respect to the gas tax, I'm anxious to see what the budget says there. There's a lot of anxiousness here in Toronto with the TTC, and certainly GO Transit and other transit users. This should all be one part of the same solution; that is, the gas tax should be used for those municipalities that want to integrate the system first. That's where the annualized operating efficiencies

will come from. The capital needs to be a three-party partnership between the federal, provincial and municipal governments, specifically starting with the TTC. The Toronto Transit Commission's on record as saying they need in excess of a couple of billion dollars. They need federal, provincial and municipal money. We do need a strong Toronto and, first of all, a strong integrated transit system where we make sure the capital infrastructure is maintained.

I'll be supporting the motions, whether they're from the NDP, the Liberals or the Conservative members, because I believe transit makes life easier for people from all income levels and it improves the environment, the air. It is the way to go.

Affordable housing is mentioned as well by Mr Prue, so maybe I'll let them speak on that.

The last one I want to talk about is motion 89, I think it was, a Liberal one. It's really assessment. I'm not sure whether this is going to go on the record, but we talked at length about the trailer park tax issue. That is a big issue.

Mr Hampton: Retroactive.

Mr O'Toole: Yes, retroactive tax. Just the word scares me. The term "retroactive tax" should be struck from the vocabulary of politicians.

Just by looking at the history—I have quite a file on this trailer park tax issue. When Mr Sorbara signed the regulations in late October—I'm not even sure he was the Minister of Finance; I guess it had not been announced. But he signed it, put it into law. Now, you're going to say he did remove the third year of retroactivity, but it is a serious problem for the current year, 2002-03 and 2003-04, and then going forward. I'm confident that Mr Colle and others listened. There were great deliberations.

There is in a motion further on—I'm going to seek clarification. This is PC motion 1, moved by Tim Hudak on January 27. With your indulgence, I'm going to read it in again:

That the standing committee on finance and economic affairs endorse the notion of a tag/sticker program for seasonal recreational vehicles as per the presentation from Sherkston Shores campground;

That the committee shall also direct—or no, ask—the Minister of Finance to stop this government's policy of retroactive taxation, and furthermore place a moratorium on the collection of property tax from owners of recreational vehicles and campground owners until such time as the matter surrounding property tax on recreational vehicles has been resolved.

With your indulgence, I'm going to reintroduce that one. It was dealt with but sort of skipped over here in the bundle. We did have a huge amount of talk on it and on PC motion 3, also moved on January 27. I'll move it again:

That the Ministry of Finance, the Ministry of Municipal Affairs and the Municipal Property Assessment Corporation submit their views on the Sherkston Shores campground's request to the standing committee on finance and economic affairs by Friday, February 13, 2004.

It was defeated because of the date; we argued about it—Mr Colle and others—for a long time. In fact, Liberal motion 4, which was carried, should be part of this whole group, because it did carry. I'm going to clarify. I'll read it because it's already carried, and it isn't referred to here. This is moved by Mr Colle:

"That the requests from the Sherkston Shores campground for the introduction of a tag/sticker program on recreational vehicles and the Minister of Finance to stop the current policy of assessment be referred to all affected municipalities, especially the city of Sarnia, the Ministry of Municipal Affairs, MPAC and the Ministry of Finance for their comments; and

"That these comments be forwarded to the standing committee on finance and economic affairs for consideration."

I know this issue was discussed at AMO, or the Good Roads, I guess it was.

Mr Wilkinson: ROMA.

Mr O'Toole: Good Roads and ROMA. I have resolutions from my own councils, because I have followed up with them. These resolutions more or less endorse the general principle re the retroactivity issue. You'll have to do it, I think. I'm not government, but I think you are trying to do the right thing on this. Going forward, find a fair mechanism so campground operators have enough time for the current season. If that isn't done hastily, you're going to miss the opportunity, because it all starts in May, basically. So for clarification of those things, there's an amendment on that. I'll leave it at that.

Assessment generally in agriculture is a big issue. We heard that a lot. It isn't in any of these motions Γ 've seen, but we did hear it. Assessment on value-added activities like maple syrup—they're going to start taxing that as commercial. Can you imagine? The people who do that are living in operations where they're trying to add some value to the activity on the farm and quite often are not in good financial straits to now be taxed as commercial.

By the way, commercial as opposed to farm tax is three to four times the residential rate. So it's unaffordable. There are members here from all parties who are supportive of the agricultural community. They've got enough pressure on them right now, big time. Diversification, innovation on agriculture takes some patience with Mr Peters and others to find ways that aren't affecting the environment; wood processing on farms, if you will, whether it's making it into boards or logs or other wood products, is going to be viewed as commercial activity on farms and taxed as commercial.

Other activities on farms as well are going to change, whether it's storage of other crops or storage of apples, and things like that are going to be taxed as commercial activity. I can only speak for the agricultural operators in my riding. They aren't in a position, without further discussion, to deal with MPAC.

In a general sense, the whole MPAC thing, with some regret—

Mr Colle: It's a mess that you created.

Mr O'Toole: I don't think there's any perfect solution; we did try, and I think you're possibly right that we

did have nine bills on municipal property assessment. I concede to you that it isn't right. I wish you luck at trying to solve it, quite honestly. No, I do, because it's shifting the burden. You know that if a municipality wants to raise \$50 million and their assessment base is frozen—and in fact declining, because assessed values are going to raise the tax.

When you're moving it from one property class to another—ie, let's introduce the trailers here. I put to you, the simplest solution is introducing another property tax class. If you have trailers that are adding other weight on community services—we've got residential; we've got multi-residential. I would say seasonal recreational. That could be expanded in the definition to include "trailers," because I read the regulations on what the definitions are. It's regulation 282/93, I believe—it was in their government term when that regulation was passed—where they define "trailer."

But I think they could go in and do some fine-tuning. The structure's there, and it's all in the property classes. That's to deal with agriculture and on-farm practices, as well as recreational uses. The reason I say that is because recreational property users will now expect to dominate rural-municipal councils, and they'll try to shift all the burden back to some other group. You understand? It's been an exercise for years, and most of the persons here who have served municipally would know that multi-residential has traditionally been taxed at three and four times residential, but the renter doesn't see it. It's buried in their rent. Home tax, residential taxpayers see it, and Mr Orazietti and others served on council.

You know that small business—and certainly, Mr Colle, you were on Toronto council when that whole property current value assessment argument came up. It was really shifting the load on to small business—the pizza and other smaller business operators.

I've spoken long enough, but I just think the assessment—I'm surprised we didn't move more amendments, but I would put it to the government that there should be a general review, as outlined by a couple of the motions that are on the table here, about MPAC, and the Ministry of Finance bringing forward some new legislative tools, I suppose, for MPAC, which isn't really here. I'm a little off topic, but it is covered in the property seasonal recreational.

Thank you for allowing me the time to speak on this topic.

The Chair: Thank you. A point of information on your presentation: The one motion you had talked about that was defeated, of course, will remain that way.

Mr O'Toole: Can it not be voted on again?

The Chair: No, it cannot.

The other motion that you cited that has been carried—staff are advising me that on the other motion you cited, motion 4, staff are still seeking some information from the deputant. That would be part of the report once it's all finalized.

Mr O'Toole: Number 4?

The Chair: Yes.

Now we'll go to the NDP.

1440

Mr Hampton: First of all, I want to move NDP notice of motion number 70, filed by Mr Prue on February 24. I move: Be it resolved that the standing committee on finance and economic affairs, in its final report, strongly recommends to the Minister of Finance that the government allocate one cent of the gas tax to municipalities for public transit in its financial year 2004-05 budget. This would cost approximately \$160 million and would constitute a meaningful first step in implementing the Liberal 2003 election promise to allocate two cents (or \$320 million) of the gas tax to Ontario's municipalities for badly needed public transit. That is the first notice of motion.

Then there is NDP notice of motion number 72, again filed by Mr Prue on February 24. I move: Be it resolved that the standing committee on finance and economic affairs strongly recommends to the Minister of Finance that the government allocate sufficient funds in its financial year 2004-05 budget to build 5,000 new affordable housing units. This would constitute a meaningful first step in implementing the Liberal 2003 election promise to fund 20,000 affordable non-profit housing units. This would cost approximately \$250 million.

Those are the two motions that I put before the committee now. I want to speak briefly to them, first of all on the motion dealing with the gas tax. Again, I want to quote from the Liberal election platform: "We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit. Fully implemented, this will generate an initial \$312 million per year, based upon 2003-04 numbers, an amount that will grow with the economy."

I know that many Liberal candidates repeated that promise verbatim across the province. We checked with AMO and we checked with large cities like Ottawa and Toronto, and they tell us that the estimate is that two cents of the gas tax would generate about \$320 million in 2004-05; therefore, one cent translates into \$160 million in fiscal year 2004-05. I hope that all Liberal members of the committee will support this motion. After all, it will start to implement a promise that you made during the election campaign. I think you should implement the whole thing this year. But as just a minimal step toward maintaining some level of credibility, you should at least implement half of it.

I'd like to speak to the issue of housing. Again, I'll quote from your election platform: "We will match federal support to create almost 20,000" affordable housing units. This is from the Liberal election platform.

We've checked with the co-operative housing association and we've checked with a number of the large municipalities. You calculated your election promise on \$12,500 per affordable housing unit. But when you check with the Co-operative Housing Federation of Canada, when you check with the large municipalities that know something about this, affordable housing cannot be put on the market for \$12,500 a unit; it will cost an absolute minimum of \$50,000 a unit—and I say absolute minimum. So basic, bare-bones: \$50,000 a unit. Therefore, at \$50,000 a unit, 5,000 affordable housing units this year

would cost \$250 million. That still falls far short of your election promise, but it's a minimal down payment to maintain some level of credibility on that.

I would hope that all Liberals on the committee would vote in support of this. It is, as I say, a minimal down payment on the promise you made in the election.

The Chair: We move to the government, and Mr

Mr Colle: I just have a couple of motions here. Liberal motion number 92: that the Minister of Finance, while recognizing the fiscal constraint of an inherited \$5.6-billion deficit in 2003-04 and a \$139-billion debt, take the first step to implement the government's commitment to transfer two cents per litre of the existing gas tax for use by municipalities to fund public transit during its term of office in the first budget. So moved.

Liberal motion number 90: that the Minister of Finance consider restoring long-term capital funding to municipal transit authorities. So moved.

Liberal motion number 88: that the Minister of Finance consider changing the Municipal Property Assessment Corporation's (MPAC) assessment cycle, which is currently only five months, and which provides little opportunity to make corrections to errors in assessments, to a longer assessment cycle which would provide a greater opportunity for property taxpayers to appeal or review their assessments in order to better serve property taxpayers. I so move.

Liberal motion number 89: that the Minister of Finance consider reviewing the provincial land tax on properties in unincorporated territories to encourage fairness in municipal property taxation. I so move.

I think that's it.

If I may, Mr Chair, these are some of the recommendations that were put forth to us as we travelled, like the one about the unincorporated territories. We heard from that very articulate councillor from Fort Frances about how this was a real problem, and we're asking the minister to look at that in terms of fairness.

Also, in terms of MPAC, as the member from Durham was saying, there are some very serious challenges with assessment. It's a very complex, convoluted system. We've inherited a lot of conflicting pieces of legislation in this area of property taxation. We are actively looking at these and we're trying to find ways of making the most complex tax system in the world a bit more reasonable. It's not going to be easy, but we're trying.

The long-term capital funding for municipal transit: As you know, this government essentially in 1997 walked away from funding municipal transit and in essence caused irreparable damage to the system because of the infrastructure deficit in repairing everything from buses to tracks to garages, not to mention the service to clients. So we have to get back into long-term capital funding to build the infrastructure. We are very anxious to start allocating part of the existing gas tax toward public transit. We are going to do it. We wish that with the stroke of a pen we could do it today, but certainly that's where we're going and we will initiate that, and

hopefully by our recommendation we'll help the minister to do that in this budget.

That's all I have to say.

The Chair: Further comment?

Mr Wilkinson: Further to the comments made by Mr O'Toole, I just want to report to the committee. I've been surprised, being a rookie backbencher, about the fact there are issues that come that need to be dealt with, that are brought forward by the public. Mr O'Toole was talking about the question of the classification of farm property, particularly if there are value-added activities and particularly in regard to sugar bush and those types of questions. I think, because of the work of this committee, for example, there has been a great deal of work done by the ministry in regard to trying to come up with a fair system of assessing farm properties. I note that the Ontario Federation of Agriculture was here and requested that and noted that it would not cost the government anything, but it was a question of fairness. So I'm happy, as a backbencher, to be advocating for that, and that perhaps we can have changes that will clarify those rules.

I've been working diligently in regard to the trailer park issue. You're right, Mr O'Toole: It is a conundrum that this government has inherited, based on the property assessment system that we have inherited. By not having the kind of partisan approach that was brought to this committee by Mr Hudak when we were in Niagara Falls, but rather a more consultative approach that we've taken with people in that community—the campground owners, the trailer park owners, the municipalities; we heard clearly at ROMA, as a government, the municipalities' position on this—we're glad that we're able to work toward a consultative approach to try to take some of these issues off that are irritating, and of course devastating for some people in this province, and try to get those things resolved.

As a backbencher, being part of this process, being on this committee, it is encouraging to know that the things we do here are being noted by the Ministry of Finance, even on an ongoing basis while we've been busy working on this report. I appreciate the collegial comments that you've made on both of those issues, and hopefully we'll have a resolution of both of those contentious issues that all three parties can applaud.

1450

The Chair: Further comment? Hearing none, we'll move to the vote.

Motion number 58: All in favour? Carried. Motion number 59: All in favour? Carried.

Motion number 70.

Mr Hampton: Recorded vote.

Aves

Barrett, Hampton, O'Toole.

Nays

Colle, Crozier, Marsales, Orazietti, Wilkinson.

The Chair: The motion is defeated.

Motion number 92.

Mr Crozier: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Wilkinson.

The Chair: The motion is carried.

Motion number 90: All in favour? The motion is carried.

Motion number 72.

Mr Hampton: Recorded vote.

Aves

Hampton, O'Toole.

Navs

Barrett, Colle, Crozier, Marsales, Orazietti, Wilkinson.

The Chair: The motion is defeated.

Could we have quiet during the vote so that the table officers can hear?

Motion number 88: All in favour? Carried. Motion number 89: All in favour? Carried. Motion number 16: All in favour? Opposed?

Interjections.

The Chair: I'm going to call the vote again. All those in favour?

Mr O'Toole: Recorded vote.

Ayes

Barrett, Hampton, O'Toole.

Navs

Colle, Crozier, Marsales, Orazietti, Peterson, Wilkinson.

The Chair: The motion is defeated. Motion number 12: All in favour? Mr O'Toole: Recorded vote.

Aves

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: Motion 13: All in favour? The motion's carried.

Motion 57: All in favour? The motion's carried.

Mr O'Toole: Chair, a couple of clarifications: We have two or three motions that I think have either been lost or—I'm going to just review them. One is the Liberal motion by Mr Peterson. It's that the Ministry of Community and Social Services—

The Chair: That motion was withdrawn.

Mr O'Toole: Wait a minute. Mr Peterson's motion here says, "Children's Services and the Ministry of Finance change their funding formula for the social service agencies in the region of Peel, to reach the Ontario average within three years"—

The Chair: We have it writing from Mr Peterson that the motion was withdrawn.

Mr O'Toole: He withdrew it. I didn't get a copy of that. I needed a copy of that to know.

Mr Peterson: I didn't know you were interested.

Mr O'Toole: You don't know how to use a phone book?

The Chair: It has been withdrawn.

Mr O'Toole: We may have to report this. I didn't get a copy.

The Chair: Likewise—
Mr O'Toole: The clerk—
The Chair: Likewise—

Mr O'Toole: A clarification to the clerk: I should have been notified.

The Chair: Order, please. Likewise, Mr Prue sent written notice of withdrawing motions.

Mr O'Toole: I'm not finished. Which ones? Numbers 24 and 25?

The Chair: That's correct.

Mr O'Toole: I would put to the clerk, without trying to be a micromanager here, that we should be notified, because I do spend considerable time contemplating these motions. I notice Mr Peterson is laughing with a guttural response, but it's true. Possibly, he hasn't read them. Obviously, he wasn't thinking when he wrote it.

The other one is motion number 22. I want to restate it, with your indulgence: "That the standing committee on finance and economic affairs ask the Minister of Finance to immediately provide the 60-page document described by the Ministry of Finance as the 'Estimated Cost of Initiatives' to all MPPs and members of this committee to allow for appropriate deliberation and analysis of all requests from presenters that reflect promises made by the Liberal government during the 2003 general election."

The point of this is: This whole exercise, we've tried to establish—

The Chair: I need to know, Mr O'Toole-

Mr O'Toole: I need unanimous consent.

The Chair: Are you trying to introduce a new motion?

Mr O'Toole: This motion was introduced on February 10.

The Chair: I would assume that it was defeated.

Mr O'Toole: It's a cover-up. On a point of order: I feel that by withholding that important election promise document, I am unable to assess the promises and validity of the promises you made during the election, which caused many—

The Chair: The motion was defeated and we're working under the subcommittee report as deemed and passed by this committee.

Mr O'Toole: I put to you: It's being withheld. I'm outraged by this betrayal of democracy.

The Chair: It was defeated.

Interjections.

The Chair: We'd ask the committee for just a few moments, please. We are very close to finalizing this.

Mr O'Toole: Number 6: This was with respect to the

wine council.

The Chair: That was carried and will be part of the

Mr O'Toole: OK. I see I have to record them all. Number 7 was defeated, so it won't be, eh?

The Chair: That's correct.

Mr O'Toole: Liberal motion number 9, which was Mr Colle's, was carried.

The Chair: Yes.

Mr O'Toole: So that's a yes.

Mr Barrett: Which motion was that?

The Chair: Number 9. Mr Colle's motion 9 is a procedural motion and probably would not be part of the report.

1500

Mr O'Toole: I appreciate your indulgence. Are these going to be attached as an appendix, or are they going to be integrated into it by the ministry? You've taken the time to organize these. I don't think it would be a great thing to have tourism motions that had passed. If they failed they won't be in there, but that means you supported them because you've got the majority. Just for reading it, if you're talking about tourism and tourism partnership-

Mr Colle: I think we'll leave it up to the writers of the report. I have full confidence that they'll be able to do that properly. It's not our job to micromanage the writing

of the report.

The Chair: It will be in the report at the end of each

Ms Heidi Clark: I guess we're looking for instruction from the committee on how they'd like to see that. It could be attached at the back as an appendix of recommendations that have been carried by the committee. It can also appear at the end of each section, if that's the way the committee would like it.

Mr O'Toole: I appreciate that advice from legislative research. If you were the critic, for instance, for finance and you've got a bunch of impact stuff, they're all in one place. Somebody in health is working with another bundle and it's sort of all together. We could have the giant list that we've just gone through here, but it's just an organizational question.

Mr Colle: Again, as I've said before, I have full confidence in research. They're trained professionals in putting together reports. Use your discretion as to how to make it as clear as possible, and if you choose to do it by section or at the end, we'll leave it up to your professional discretion.

Mr O'Toole: One last point—and I appreciate the time we've spent giving research some input. At the end of the day, the government will decide some of these things. I would also like to include in the appendix the motions that were defeated.

The Chair: They stand defeated.

Mr O'Toole: But we would know that there was public debate.

Mr Wilkinson: It's called Hansard.

Mr O'Toole: You can't possibly get to the bottom of it. It's sort of a day-by-day-

The Chair: You'll have a chance to write your report, I remind you.

Mr O'Toole: We're going to have to have a dissent-

ing report.

Mr Barrett: Mr Chair, I'm requesting a bit of a progress report on a motion that was passed: Mr Colle's motion with respect to recreational vehicles. I wasn't there when it was carried, but as I understand it, the issue of a tag sticker program—this was to be referred by this committee to all affected municipalities. This issue continues. My office is in contact with trailer park owners who feel MPAC is putting them out of business. I understand in that motion that these comments were referred to affected municipalities, and I see here that these comments were to be forwarded to this committee for consideration. I'm just asking for a progress report or a process report.

The Chair: It was mentioned earlier today that legislative research and—we're waiting for a response from the applicant. There was some information that we were asking. We haven't received it yet, but when it comes it

will be part of the motion.

Mr Barrett: We're awaiting information. You say "the applicant": Sherkston Shores?

The Chair: They will be working through AMO, I'm told. But there is some information that we're seeking that has not arrived yet from the deputant.

Mr Barrett: Yes: Sherkston Shores?

The Chair: Yes.

I would then, committee, need a motion to adopt the report with all the motions that were carried today.

Mr Wilkinson: So moved.

The Chair: All in favour? Carried.

I also need a motion that a copy of the final report with dissenting opinions be sent to the Minister of Finance prior to tabling in the House.

Mr Colle: So moved.

The Chair: All in favour? Carried.

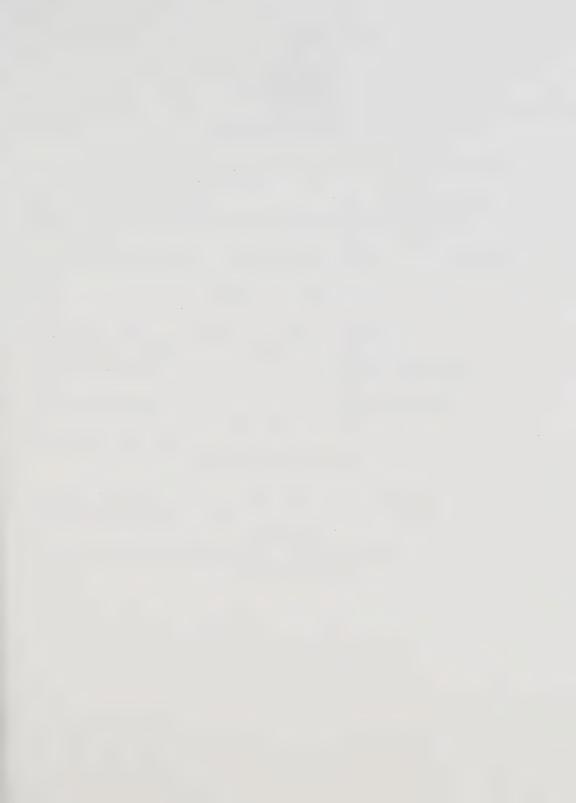
I remind the committee that the dissenting opinion deadline is March 12 at 4 pm. The final report is confidential until after it is tabled in the House. The minimum time for translation will be a week, and the printing is two days.

I want to take this opportunity as well to express my thanks to all the staff who have helped our committee throughout these days. I was asked by Mr Johnston to thank you all for your gracious thanks to him for his work. He also wanted to state that he was not the only staff person working on this. So you can tell how gracious and how hardworking they are in the fact that they want to share the thank-yous with others.

This committee is adjourned.

The committee adjourned at 1505.





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Official Report of Debates (Hansard)

Thursday 6 May 2004

Journal des débats (Hansard)

Jeudi 6 mai 2004

Standing committee on finance and economic affairs

Subcommittee membership

Comité permanent des finances et des affaires économiques

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 6 May 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Jeudi 6 mai 2004

The committee met at 1002 in room 151.

SUBCOMMITTEE MEMBERSHIP

The Chair (Mr Pat Hoy): I call the standing committee on finance and economic affairs to order. Good morning, members.

I'd like to officially welcome Ms Carol Mitchell to the committee. As you would know, Ms Mitchell is replacing Mr Bruce Crozier, who is now serving on the standing committee on the Legislative Assembly. With his departure, we are left with a vacancy on the subcommittee on committee business. That being said, I'm ready to entertain a motion.

Ms Judy Marsales (Hamilton West): I would like to move that the membership of the subcommittee on committee business be revised as follows:

That Mr Colle be appointed in the place of Mr Crozier.

The Chair: Ms Marsales has moved that the membership of the subcommittee on committee business be revised as follows:

That Mr Colle be appointed in the place of Mr Crozier.

Are there any comments or discussion on the motion? Hearing none, all in favour? Opposed, if any? It's unanimous, The motion is carried.

This committee is adjourned.

The committee adjourned at 1003.

ERRATUM

No.	Page	Column	Line(s)
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Should read:

Motion number 43: All in favour? **Mr O'Toole:** Recorded vote.

Ayes

Barrett, Colle, Crozier, Hampton, Marsales, Orazietti, O'Toole, Peterson, Wilkinson.

The Chair: The motion is carried.

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F-20

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First Session, 38th Parliament

Official Report of Debates (Hansard)

Wednesday 12 May 2004

Standing committee on finance and economic affairs

Emergency Service Provider's Insurance Protection Act (Insurance Amendment), 2004

Chair: Pat Hoy Clerk: Katch Koch

Assemblée législative de l'Ontario

Première session, 38^e législature

Journal des débats (Hansard)

Mercredi 12 mai 2004

Comité permanent des finances et des affaires économiques

Loi de 2004 sur la protection des fournisseurs de services d'urgence (modification de la Loi sur les assurances)



Président : Pat Hoy Greffier : Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 12 May 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 12 mai 2004

The committee met at 1002 in room 228.

SUBCOMMITTEE REPORT

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. Good morning, committee members. We will begin with the report of the subcommittee.

Mr Mike Colle (Eglinton-Lawrence): I'd like to read into the record the report of the subcommittee and move its adoption.

Your subcommittee met on Thursday, May 6, 2004, to consider the method of proceeding on Bill 40, An Act to amend the Insurance Act to protect emergency service providers from rate increases to their personal contracts of automobile insurance, and recommends the following, subject to the approval of the chosen date by the House:

- (1) That the committee meet in Toronto on Wednesday, May 12, 2004, to hold public hearings on Bill 40.
- (2) That the committee proceed with clause-by-clause consideration of Bill 40 on Wednesday, May 12, 2004, at the call of the Chair.
- (3) That the committee meet from 10 am to 12 noon and following routine proceedings until 6 pm.
- (4) That interested people who wish to be considered to make an oral presentation should contact the committee clerk by Monday, May 10, 2004, at 4 pm.
- (5) That witnesses be allotted a maximum of 10 minutes in which to make their presentations and answer questions from the committee members.
- (6) That the deadline for written submissions be Wednesday, May 12, 2004, at 9 am.
- (7) That amendments should be filed with the clerk of the committee at the start of clause-by-clause consideration of the bill.
- (8) That an advertisement be placed on the Ontario parliamentary channel and on the Internet.
- (9) That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements to facilitate the committee's proceedings.

I move the adoption of the subcommittee report as read.

The Chair: Any comment? Hearing none, carried.

EMERGENCY SERVICE PROVIDER'S INSURANCE PROTECTION ACT (INSURANCE AMENDMENT), 2004

LOI DE 2004 SUR LA PROTECTION DES FOURNISSEURS DE SERVICES D'URGENCE (MODIFICATION DE LA LOI SUR LES ASSURANCES)

Consideration of Bill 40, An Act to amend the Insurance Act to protect emergency service providers from rate increases to their personal contracts of automobile insurance / Projet de loi 40, Loi modifiant la Loi sur les assurances visant à protéger les fournisseurs de services d'urgence contre l'augmentation des taux dans leurs contrats d'assurance-automobile personnels.

FIRE FIGHTERS ASSOCIATION OF ONTARIO

The Chair: I call on the Fire Fighters Association of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. You may leave time within that 10 minutes for questions, if you so desire. I'd ask you to identify yourselves for the purposes of our recording Hansard.

Mr Dave Thomson: I'm Dave Thomson, past president of the Fire Fighters Association of Ontario. The Fire Fighters Association of Ontario is a provincial organization consisting of 300 member fire departments, fire companies, fire associations and ladies' auxiliaries actively engaged in fire safety and public education and emergency response across Ontario.

Our association's objectives: to develop a thorough understanding of firefighting requirements; to promote public fire education and safety; to interchange ideas and information concerning firefighters; to work with other stakeholders, being associations, the office of the fire marshal and other regulatory bodies, both provincial and federal; and to propose and support legislation which provides for the advancement and development of the fire service in general.

Our association celebrated its 100th anniversary in 2002. Since our inception, our goals have remained the same: to keep abreast of the ongoing changes and technology in the fire service.

An overview of the proposed act: It is our view that the proposed legislation contained in this bill is a positive step for all emergency service providers in Ontario. Fire, police and ambulance personnel have an unrelenting challenge every time we answer an emergency call. Ontario citizens call 911 or the emergency number in their municipality when emergency services are required. They expect a prompt and efficient service to respond and to resolve their emergency. With the increase in call volume and the seemingly more aggressive drivers on our roads and highways today, emergency responders are under extreme pressure to arrive safely and in reasonable time to that emergency.

I believe that all emergency responders are responsible drivers. Many municipalities ensure that driver training is part of their training curriculum, and if not, it should be. This strengthens safety and places it in the forefront for

all operators when responding.

In the past, there have been accidents involving responding emergency vehicles. At the end of the day, many times the operator is penalized personally. Insurance rates in Ontario are at the highest cost to the individual in history. Surely our personnel should not be forced to endure a rate increase on their personal insurance for serving our citizens in their time of need. This no doubt will create a financial burden and unnecessary stress on all emergency responders and their families.

Our association welcomes and supports this legislation and urges you, the committee members, to recommend the principles of the legislation and that all MPPs support this bill for royal assent at the earliest possible time. Thank you.

The Chair: Thank you. We have about six minutes, therefore two minutes for each party. We'll begin with the official opposition.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Good morning, Dave.

Mr Thomson: Good morning, Toby.

Mr Barrett: As you've indicated, it's incumbent on your members and volunteers and firefighters to get there safely and in a reasonable time. As Mr Wilkinson has indicated, when there is a crisis, we as a society expect your people to be there as soon as possible, if not sooner.

You've indicated the insurance problem with accidents in the past involving emergency vehicles. We share the same home area, Haldimand-Norfolk-Brant. Many of the firefighters leave their home in their own pickup truck or personal vehicle. You've indicated that there have been accidents with emergency vehicles. I expect there have also been crashes involving personal vehicles. Can you indicate any way we can help out in a situation like that?

Mr Thomson: You're correct, Mr Barrett. At times there have been accidents involving personnel responding to incidents as volunteer firefighters. As I said earlier, I think that across the province we're all responsible. However, I think we have to look at each thing individually. I'm afraid, with the proposal put forth in this bill, personal vehicles that respond are beyond that scope.

Mr Barrett: Maybe I'll throw this out to the committee: Should we as legislators be looking beyond

that? We've lost a couple of barns on our farms, and the fellows do arrive in their own vehicles. That's part of their duty, to be there. I'm wondering if this committee should be looking at beefing up this proposed bill to cover that, where someone is using their own personal vehicle.

I'm not sure if your volunteers get any mileage or any other compensation for using their own vehicle.

The Chair: We'll move to Mr Colle.

Mr Michael Prue (Beaches-East York): That's Mr Colle.

The Chair: I've done that before. I apologize.

Mr Prue: We went to an event the other night and a lady got us confused. We had to stand side by side. But I'm surprised—

Mr Colle: That's why I got rid of my moustache.

The Chair: I consider him to be good-looking, as are you.

Mr Prue: My question is specific. Obviously, you support this legislation—and I think everybody in the room supports the legislation—but you've not suggested any amendments.

I was just looking very briefly through the submission from the police, who are going to be up shortly. I'll read you their amendment. I just want to know your feeling on it. They're saying that the word "emergency" is not well defined, and they are suggesting that it should be "a vehicle while used by a person in the lawful performance of his or her duties as a police officer, in relation to a police incident or event." Would it help the firefighting service if we took out "emergency" and substituted "a vehicle while used by a person in the lawful performance of his or her duties as a firefighter, in relation to a firefighting incident or event"?

Mr Thomson: Yes, it would. That would assist fire-fighters across the province.

Mr Prue: The reason I ask that is that firefighters often go out, and while some may not be emergencies, some obviously are. You're the first response if someone stops breathing. You're the first response in a fire. You're usually the first response in a motor vehicle accident. But some events are more emergency-oriented than others

Mr Thomson: That's right.

Mr Prue: But much of the same procedure is followed. I want to make sure that the act covers you more often—

Mr Thomson: Along the line of what Mr Barrett said, it would be nice if all the firefighters could be covered in their personal vehicles. I don't know whether that's too much to ask for. I agree with the police association on their terms. They could have police officers in personal vehicles. So, I mean, we'll take whatever we can get.

Mr John Wilkinson (Perth-Middlesex): Two points then: If the bill were to be amended so that instead of defining it with regard to an emergency but, rather, whether or not a person was on duty, so that they could

be responding to a fire or going back to the fire hall, in your opinion, would that strengthen the bill?

Mr Thomson: That would strengthen the bill, as far as us as individuals in rural Ontario.

Mr Wilkinson: Because right now, it's only talking about going to a fire, not returning from a fire.

Mr Thomson: That's right.

Mr Wilkinson: That's the one issue. Of course, it has been raised, and I think it will be in a further deputation, about the police officers who many times respond a situation where they're on duty, but it may or may not be an emergency, and we're kind of on a slippery slope.

The other question, though, is this: Is it your position that if a person is responding in their personal vehicle, particularly a volunteer, that somehow, if they're in an accident in their personal vehicle, it would go to their personal insurance company, that all of a sudden, that would not be taken into account? When you're driving the fire department's truck or an ambulance or a police cruiser, we know who's insuring it. You're on duty, you're driving somebody else's car; we're trying to prevent it from coming back on you personally. But, beyond that, if you were driving your personal car, what would prevent people from saying, "Well, I was responding; I got called"? I think that's the problem with using a personal car.

Mr Thomson: I realize that, but everything is documented, times are documented, and that way, if an incident happens, it would prove that you were on duty.

Mr Wilkinson: So the bill is fine. If we make it so it's not an emergency, but you're on duty in the department's truck, that's better, and if it would cover people all the time in personal cars, you would like that even more.

Mr Thomson: That's a wish list, but that would be—
Mr Wilkinson: Politics is about the art of the possible, Dave.

The Chair: Thank you for your presentation.

POLICE ASSOCIATION OF ONTARIO

The Chair: I would call on the Police Association of Ontario to come forward, please. You have 10 minutes for your presentation, and you may leave time for questions if you so desire. Please identify yourself for our recording Hansard.

Mr Bruce Miller: My name is Bruce Miller, and I'm the chief administrative officer for the Police Association of Ontario. I was a 22-year veteran with the London Police Service prior to taking over my current responsibilities, and I'm going to try and give you some of the perspective of front-line police in this province.

The PAO was founded in 1933 and is the official voice and representative body for Ontario's front-line police personnel. Our membership consists of over 21,000 members from 63 police associations across the province.

The PAO promotes the mutual interests of Ontario's police personnel in order to uphold the honour of the police profession and elevate the standards of police

services. Our unified voice has always been a key resource to government on all matters relating to policing. Building on our shared goal of making Ontario communities safer, we have worked with successive governments on a number of important policy files, sharing our experience and expertise. I have attached some further information on our organization in our brief.

I would like to start today by thanking the committee for allowing us to appear, and also thanking Mr Wilkinson for introducing this important piece of legislation.

Driving a police vehicle places many demands on a police officer. Officers receive extensive training, and public safety is always paramount. However, accidents, although infrequent, can occur. Policing is unique in that our members are always dealing with matters beyond their control. One never knows what the next call will bring or what is around the next corner.

Our members are highly trained professionals and know that they will be held accountable for their actions. They realize that they may be subject to internal discipline, Police Services Act charges, Highway Traffic Act charges, criminal charges or civil action. However, they should not be impacted by increases to their personal insurance rates as the result of on-duty motor vehicle accidents. Our members operate their police vehicles in a lawful and professional manner, but accidents, although infrequent, do occur.

Officers are on patrol in a multitude of road conditions. We advise the public to stay off the roads when the weather makes travel too dangerous, but our members remain on patrol and wait to answer the public's calls for assistance.

Police officers are not always able to use emergency lighting and sirens. The officer responding to a break-and-enter at 4 o'clock in the morning would be ill-advised to activate these devices as he or she got close to the scene.

Police officers operate vehicles that are equipped with laptop computers and screens, cellphones and two-way radios. Officers are expected to access these while responding to calls or while on patrol. Officers are also expected and trained to pay attention to their surroundings. The officer responding to an armed robbery may be tasked with looking for a suspect, operating communications equipment, receiving updates on his or her computer screen, while trying to drive the cruiser.

We believe that police officers should be protected from having their personal insurance rates impacted while on duty and operating a police vehicle. They should not be subject to double jeopardy. We realize that this legislation is targeted at the operation of an emergency vehicle during an emergency and that it may not be possible to amend this legislation to cover all on-duty accidents. As a result, we're putting forward a secondary position as well.

The word "emergency" is not clearly defined in policing, and varies from police service to police service. Some services specify when emergency lighting and sirens may be used, while others leave it to the officer's

discretion. Some police services use a tiered response system involving priority 1, 2 and 3 calls. The Ottawa Police Service may classify a domestic violence call, assault in progress, a disturbance or a bar fight as a priority 1 call, while the London Police Service may classify those calls as priority 2, but still dictate them as a call of urgent nature requiring immediate response, as per their policy. A holdup alarm to a store that has been robbed twice in the same week may take on added urgency from an alarm call to a store that has a history of false alarms. A motor vehicle pursuit may not be covered under this legislation with respect to responding to an emergency.

The different policies and realties across the province and in policing indicate the difficulty in defining an emergency. We suggest an amendment to section 2(b), that it should be changed from "a vehicle while used by a person in the lawful performance of his or her duties as a police officer, while responding to an emergency," and taking out the last line and changing it to "in relation to a police incident or event."

We believe that this change would reflect some of the unique conditions that police officers operate under. We strongly urge the members of the committee to support this change. We also hope that consideration will be given to expanding the legislation to cover all on-duty accidents, or if that is not possible, to recommend that new legislation be introduced. We would certainly be pleased to work with members of this committee toward that goal.

1020

Once again, I'd like to thank the committee for the opportunity to appear here before you today, and also to thank Mr Wilkinson for his support of emergency personnel, I'd be pleased to answer any questions, Mr Chair.

The Chair: We have about one minute per rotation. We'll begin this time with the NDP.

Mr Prue: I asked the question of the gentleman from the fire services. You made your point very clearly. I see it also contained in the OPPA report that they've adopted your same wording. Is this sufficient to make this legislation totally what you want?

Mr Miller: The best-case scenario would be to amend it to cover all on-duty accidents. If that's not possible, we're suggesting the amendment, and we've been in consultation with the Ontario Provincial Police Association as well as with our solicitors. That's the recommendation we're putting forward: to change the legislation to all on-duty, but if that's not possible, in the interim to adopt this clause.

The Chair: Thank you, and we'll move to the government

Mr Wilkinson: Thank you for being here. Since we only have a minute, I will be proposing amendments, and we've given notice of that, but I just want to be clear: So if we covered on-duty situations, got rid of defining "emergencies," which we have learned from your brief is a slippery slope, what about a police officer who is—do police officers use their personal vehicles while on duty?

Mr Miller: It would be a very rare occasion where that would happen. Sometimes, specialized squads may travel to a station, but in terms of any sort of priority response, the answer is no; it's very, very rare.

Mr Wilkinson: It's very, very rare. So if we were to amend the bill to make it on-duty and exclude personal

vehicles, would that be acceptable?

Mr Miller: It wouldn't be problematic for our—

Mr Wilkinson: It wouldn't be problematic for your group. OK. Thank you.

The Chair: We'll move to the official opposition.

Mr John O'Toole (Durham): Thank you very much, Bruce, for the presentation and a very well-thought-out proposed amendment. I just want to ask your views on this. It's been mentioned in the broader section of trying to include or anticipate what may be described as an emergency or emergency response.

I believe the bill, as drafted, is a bit weak. In fact, I would like to say that in further discussions we do have a definitions section that can be amended through regulation as we advance the cause, because with or without the car becomes an issue between other volunteer kinds of emergency response organizations. So I am supportive of the bill for sure, and it's a matter of clarification in terms of whether or not the lights are on. I think that's really what Mr Wilkinson is trying to sort out here this morning.

I'm asking you a specific question, if I may. If, as has been mentioned, volunteer organizations—and I mention volunteer fire, because it's a large part of my riding. It's been mentioned by Mr Barrett that quite often they just show up at the scene, but they're dispatched through a pager or some device and that would mean they're officially on duty. I know it's hard to sort out some of the minutiae, because then you'd have the police organization saying, "Well I was responding because it was all points, a community emergency of some sort." I think it needs a definition section to deal with this: Was the person paged, or was the person on notice, or was the individual engaged at some point? There are records of all this dispatch dialogue.

I just want to leave that clear impression and ask you if you would like—OVERT, the Ontario Volunteer Emergency Response Team, is an organization in my riding. These are all more or less off-duty emergency workers: police and fire and ambulance and the rest of it. They're trained and validated and all this kind of thing and they actually show up at scenes—it could be a lost person. Where I live, there are nuclear plants, and there could be other emergencies: electricity issues etc.

The Chair: Thank you, Mr O'Toole.

Mr Miller: I don't have the expertise with fire service but I can understand some of their concerns. I just want to point out quickly that with police services too it's not always responding to calls. We have surveillance squads that are out on the roads 24 hours a day, and we have individuals who are being followed who intentionally go through red lights and speed and things of this nature. It puts our members in a bad position. That's why we'd like

to see the legislation expanded, ideally, to cover all onduty accidents.

The Chair: Thank you for your presentation this morning.

ONTARIO PROFESSIONAL FIRE FIGHTERS ASSOCIATION

The Chair: I'm advised that the Ontario Professional Fire Fighters Association is in the room. Would you come forward, please. Thank you for accommodating the committee this morning by appearing somewhat earlier than scheduled. You have 10 minutes for your presentation, and you may leave time for questions. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr Brian George: Mr Chair, my name is Brian George. I'm the executive vice-president of the Ontario Professional Fire Fighters Association. I'd like to thank the committee first for the opportunity to address the finance and economic affairs committee.

Our objective today is to ensure that emergency service providers—firefighters, police officers and paramedics—are allowed a same level of protection for themselves while they're driving to emergencies. These providers and their families are sometimes subjected to unfair increases in their personal insurance rates as a result of a motor vehicle accident that occurs while responding to an emergency. The OPFFA supports the proposed legislation, Bill 40, as it is written. We appreciate Mr Wilkinson's efforts in addressing this issue.

In late 2003, the new Liberal government announced that it would be looking at making amendments to the insurance legislation and regulations in order to stabilize escalating insurance premiums. Several firefighters had made complaints to our organization that over the years they had been subjected to unfair rate increases as a result of being involved in a motor vehicle accident while responding to emergencies.

Our initial contact with Minister Sorbara was on November 4, 2003. There's a copy of that letter in appendix B. We went through our own process to research what was available in other jurisdictions. We were only able to find one other jurisdiction, in California, that actually had legislation protecting their emergency responders. This same subject was brought to the attention of MPP John Wilkinson by firefighters from his riding in Stratford.

When a citizen of one of our communities makes an emergency call to 911, they are looking for help. The help they need is emergent, and they have made that call because they need that help immediately. Emergency service providers respond to those calls to provide assistance in several different disciplines. They each use specialized vehicles to provide those services, and those vehicles are categorized in legislation to ensure that they are different from anything else on the road.

An emergency vehicle is described under the Highway Traffic Act as a vehicle from which a siren is continuously sounding and from which intermittent flashes of red light are visible from all directions. These providers are expected by the community to get to an emergency in a timely fashion, that being as soon as possible. The Highway Traffic Act only allows a few exceptions to these rules of the road for the providers to get to those emergencies as quickly as possible, those being an exception to the regulated speed limits under the Highway Traffic Act, as well as being able to proceed through a controlled intersection when safe.

We first approached the Minister of Finance in regard to this issue in November. At that time several members of the Toronto Professional Fire Fighters' Association had had discussions with Toronto police officers about how they had been affected as a result of being involved in an accident while responding to an emergency, and that it was similar to several firefighters' own experiences.

When an emergency provider is responding "lights and siren" to an alarm, they are provided very few exceptions. We are looking to protect those members while they are responding to those emergencies.

When you see an emergency vehicle travelling on the opposite side of the yellow line into oncoming traffic or travelling around traffic islands, they are doing so at the peril of their own licence, jeopardizing their own demerit points and possibly their own insurance rates. There is no legislation that allows them to proceed in this manner. It is simply a way that allows emergency vehicles to proceed to their destinations in a quicker manner than they might if they had to wait for traffic to move to the right and stop.

In my own experiences of 20 years as a firefighter in London, it has become painfully obvious that a motorist will pull over more quickly when a large red truck is bearing down upon them from in front than it is from behind them. The increased pressures of traffic in today's society and the complexities of traffic-moving features and traffic calming features make it difficult for operators to manoeuvre in today's streets. Throw in rush-hour traffic, frustrated motorists, today's cars with exterior sound protection, new and improved sound systems and distractions such as cellular phones, and you can start to understand what an operator must contend with.

1030

In recent years, the problem has escalated to the point where legislation needed to be written to protect emergency responders on our highways by passing laws to ensure that motorists would pull over to the next lane and slow down when passing an emergency vehicle.

Our members started to bring this issue to our attention when several of them started to receive increased insurance premiums after being involved in motor vehicle accidents while responding to alarms. Several of our members have been directly affected by rate increases as a result of being involved in an accident.

Toronto fire and emergency services firefighter Ron McKelvey was involved in an accident when a motorist U-turned their vehicle in front of his pumper. The driver of that vehicle was charged in the accident, yet firefighter

indiscretion.

McKelvey's personal rates were increased. He was responding to an alarm on January 9, 1999. He previously had a motor vehicle accident that was considered a forgivable accident by his insurance company, but they included his second accident in raising his rates.

Firefighter Kevin Hutchinson of the Kingston fire department was also involved in an accident after attempting to proceed through an intersection when he collided with another vehicle. He was charged with failing to yield to oncoming traffic. Unfortunately, Mr Hutchinson went immediately and paid his fine without attempting to fight the charge. His personal insurance rates have been increased since that accident.

Firefighter Paul Burns from London was responding to a code 3 alarm—that is, a non-life-threatening alarm and was involved in a minor accident. Engine 10 brushed the front of a vehicle and scuffed the rubberized coating on the bumper. This accident was reported properly to the police and then, as well, to his insurance company, which did not adjust Mr Burns's insurance rates. That insurance broker went out of business approximately a vear later. When he changed insurance companies, he was asked if he had any claims against his insurance, and he stated that he did not, based on the fact that the previous company did not have a concern about this accident and had stated that it was not a claim against his insurance. His file came back at a later date and his insurance rates were raised based on the decision that he did not disclose his claim. His rates went from under \$1,000 annually to over \$3,800 annually because of his

Firefighter Cory Mainprize of the Barrie Fire and Emergency Service was involved in a spectacular accident while responding to an emergency on October 4, 2002. A car coming toward the fire apparatus in the oncoming lanes crossed over the centre line to avoid a car that had stopped to let the fire truck proceed. Firefighter Mainprize moved on to the shoulder and lost control on the soft shoulder. He was able to avoid further collision but rolled the vehicle. Firefighter Mainprize was commended by police officers for his actions in not causing more injuries. Firefighter Mainprize has been indirectly affected by this incident as a result of the accident. He has not been able to change insurance companies and seek out the best rates for his personal insurance. When he declares the accident that he was involved in, which resulted in causing approximately \$750,000 damage, none of the insurance companies is interested in taking him on as a new client. The fire truck and aerial apparatus were a total write-off. As a result, he is not able to take advantage of any competitive price shopping.

These few examples are some of the reasons the Ontario Professional Fire Fighters Association approached the Minister of Finance to seek changes to the legislation or regulations.

Our members' main concern is to deliver emergency services to the residents of their communities in the most timely and safe manner possible. The last thing that any emergency provider should be thinking about when trying to get to that alarm is, "How is this going to affect me?" There are potential dangers in our jobs. Being penalized financially should not be crossing anyone's mind while responding. The residents we protect expect us to respond quickly to assist them, and yet there is no protection for the emergency provider.

The OPFFA has had our legal counsel research existing legislation and regulations covering insurance premiums, and it was found that our concerns are not addressed under any legislation or regulation. Given those findings, we again wrote to the Minister of Finance and proposed language to the minister that would allow our members to properly perform their duties without fear of being personally penalized.

That language was as follows:

"No insurer shall, in issuing or renewing a private automobile insurance policy to a firefighter, with respect to his or her operation of a private motor vehicle, increase the premium directly or indirectly as a result of the insured or applicant for insurance having been involved in an occurrence while operating an authorized emergency vehicle arising out of the performance of his or her duties during the hours of his or her employment."

The OPFFA is simply seeking to protect emergency providers in any situation where they may be taking risks in order to respond to an emergency in a more timely manner. It is under emergency conditions that an operator may have occasion to operate a vehicle in a manner they would not normally if not responding to an alarm. Our operators receive many hours of training to assist them in responding to emergencies. They are skilled in their abilities, and they drive in a professional manner. Unfortunately, accidents still do happen, and if that operator was travelling as previously mentioned, it may have a negative impact on their personal insurance premiums, all in the effort of helping our citizens.

The Ontario Professional Fire Fighters Association supports Bill 40, An Act to amend the Insurance Act. It was originally requested for an amendment to protect any operator of an emergency vehicle while they are responding to an emergency.

This amendment to the Insurance Act will protect all emergency providers for responding to emergencies. We request that the committee accept Bill 40 in its entirety and hope that when it moves to the next stage, it will receive all-party support.

Thank you for your consideration on Bill 40. I'd be happy to answer any questions.

The Chair: Thank very much for your presentation. The time has expired, but the committee appreciates your participation this morning.

For the committee, we have had a number of cancellations. Our next presenter has not arrived yet. You have before you two presentations that were sent to the committee. One was addressed in error to the standing committee on general government, but it actually is for this committee. You can read those at your leisure.

We will take a recess until 10:50, when our next presenter is to be here. Please stay by the room on the possibility that they arrive before then.

The committee recessed from 1036 to 1051.

The Chair: The standing committee on finance and economic affairs will come to order once again.

INSURANCE BUREAU OF CANADA

The Chair: Our next deputant has arrived, the Insurance Bureau of Canada. Would you come forward, please.

Good morning, gentlemen. You have 10 minutes for your presentation. You may leave time within that 10 minutes for questions if you so desire. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr Mark Yakabuski: Thank you, Mr Chairman. I'm Mark Yakabuski, the Ontario vice-president of the Insurance Bureau of Canada. We are delighted again to appear before this committee, in this instance as you study Bill 40. With me this morning is George Cooke, the president and CEO of the Dominion of Canada General Insurance Co and a director of the Insurance Bureau of Canada. Our remarks will be brief so that you can pose as many questions as possible afterwards.

We have reviewed the content of Bill 40, and I want to tell you this morning that the Insurance Bureau of Canada completely agrees with the principle of the legislation proposed by the member for Perth-Middlesex. As the national representative of property and casualty insurers in Canada, we know only too well the value of having emergency services do their job as quickly and as effectively as possible. Whether it be a fire truck responding to a fire alarm, an ambulance arriving rapidly on the scene of an accident, or a police car being dispatched to a burglary, insurers depend fundamentally on the quick conduct of emergency vehicles in order to mitigate the losses we pay for.

Over the past couple of days, since receiving an invitation to appear before this committee, we have had an opportunity to conduct a quick survey of over 60% of the auto insurance market in Ontario. Every one of the companies surveyed expressed support for the principle of this bill and agreed that it was critical that drivers of emergency service vehicles be unhindered in carrying out their vital responsibilities. Based on our survey, we are confident that the vast majority of auto insurers in Ontario strongly endorse the principle of this bill.

I should tell you that at IBC we run a consumer information centre that responds to nearly 40,000 calls a year in Ontario alone regarding home, auto and business insurance. The large majority of these calls relate to car insurance. Amongst all of these calls, we are not aware—and I can tell you that I have personally looked into this—of any inquiries from drivers of emergency service vehicles about their personal insurance. This is not to say that some examples may not have arisen, and I understand that the member for Perth-Middlesex has had some cases in his own riding.

However, I can tell you that the predominant industry practice is not to take into account someone's record while driving an emergency service vehicle with respect to consequences for their personal insurance. As I mentioned, as an industry, we rely on the critical work of emergency service vehicles in responding to and mitigating the losses we otherwise pay for.

Given the very strong support for the principle of this proposed legislation, we would propose to this committee that auto insurers voluntarily agree to ensure that drivers of emergency service vehicles not be penalized in any way, by virtue of their professional driving record, when buying or renewing their personal auto insurance policy.

We would suggest that cases that arise where emergency service vehicles are, for whatever reason, penalized be brought to the attention of IBC's consumer information centre, and we would quite willingly commit to report such complaints to this committee or to the Financial Services Commission of Ontario.

Mr Cooke has some additional remarks that he will now make to you.

Mr George Cooke: I would simply like to add to the committee, as one of the representatives of one of the largest auto writers in the province, that I clearly support the principles outlined in this bill and would be more than prepared to voluntarily adhere to this practice.

To put that in a much broader context, insurers today are required to file underwriting rules with the Financial Services Commission of Ontario. Unfortunately, those rules have an obligatory aspect to them rather than a permissive one. I think frankly that rule-driven behaviour is where some of these problems arise. The well-founded intent was to protect consumers, but an unintended consequence of these rules is that they say you've got to treat everybody the same way. I'm sure there's an insurer out there someplace who is rigidly following this rule rather than using judgment, as would very clearly be consistent with the desired intent of the bill.

If you choose to pass this piece of legislation, the insurance industry will certainly support it, but what concerns me is that there's likely some other example of a circumstance like this that is practised by some that shouldn't be practised. One piece of legislation doesn't deal with the other three instances, or four or five. It seems to me that perhaps a better way of going about addressing this problem would be co-operation with this goal of voluntary compliance by the industry in this particular instance, and I'll undertake that today, but we need a circumstance where, each time we find one of these practices, we don't have to come back and pass a piece of legislation. We need to have an approach to the way these underwriting rules and guidelines are determined that allows common sense and consumer interest to dictate.

The simple way would be to make these underwriting rules permissive; in other words, they will permit you to behave this way, but if it's in the consumers' interest and the insurer's willing to do it, let them break away from the rule as opposed to an obligatory interpretation, which is one that says, "I have to take the driving record of Fred or Mary, who is driving an emergency vehicle, and apply

it to their personal use automobile," which is very clearly what the case is today.

I wanted to come this morning to endorse the principles of the real, live insurer. I also wanted to try to make sure the committee is aware that, as a practical matter, other circumstances could arise. We need to solve them at the same time, I suggest to you, that we solve this problem.

The Chair: Thank you. We have time for one quick question in each rotation, about a minute only. We'll begin with the NDP and Mr Prue.

Mr Prue: Obviously the mover here, Mr Wilkinson, thought the problem was more widespread than you're saying. The Toronto firefighters have given us four case studies: one in Toronto, firefighter Ron McKelvey; one in Kingston, firefighter Kevin Hutchinson; firefighter Paul Burns; and firefighter Cory Mainprize of Barrie, all of whom have had difficulties. You said it should be voluntary, but I fail to see your argument.

Mr Cooke: I think in the circumstances for those individuals, Mr Prue, if we're aware of them and put in place a vehicle where they could be made aware of them, they can be fixed. Should any of those individuals you named be insured with my company, I'll fix it today. I am very confident that my industry colleagues would respond in the same fashion. If we were to build this into the regulatory system somehow, not only would we be able to take care of this circumstance, but we could take care of others that I'm sure are quite unintended and are likely happening in small numbers.

The Chair: We'll move to the government and Mr Wilkinson.

Mr Wilkinson: Thank you for coming today. There are two things. I take your point that we're always trying to legislate these problems away, and that's maybe not the best way to go. I would state, though, that I was told when I first met with FSCO that this did not happen. After I brought examples to FSCO, it was then acknowledged that, yes, it shouldn't happen but it is happening. The consumer is at a disadvantage only if they are willing to figure out six months after an accident while responding to an emergency and only if they were perhaps to meet somebody like me who's their MPP who happened to know that there is a mechanism.

Our concern is that this is happening. I agree it's only a few companies. I know what a difficult period the insurance industry has had in the last little bit, but I do take your point. My suggestion to you is that this committee would be more than happy to see a brief about how you would suggest we have a better working relationship in the future so that legislation is not always the answer.

But in regard to this situation, I think there's clear allparty support that we have to make sure that what the superintendent says should be happening is the law.

Mr Cooke: Mr Wilkinson, I have great empathy for those sentiments. One pragmatic way of dealing with this, I think, would be for a communication to go either from FSCO, this committee, the IBC or whatever you consider the appropriate body, to the various emergency

service outlets, whether they're fire departments, police, whatever they may be, and very clearly indicate to them the practice the industry has accepted and would adhere to

Frankly, I'd be quite happy to have my company listed, and I'm sure others would as well, as a company that would abide by that practice. I think that is a way of informing that group of what a practice could be. It's an alternative. If your committee decides to pass this legislation, we certainly aren't going to be unhappy about it because I'm prepared to behave this way anyway. I would like to see us deal with the broader problem at the same time.

Mr Yakabuski: Mr Chairman, if I can just add: I'll give you an example of where I think we've been able to work productively on an issue that came forward a few months ago. A few months ago, it came to our attention that some volunteer firefighters were having some difficulties acquiring insurance, partly because there was a common misunderstanding, both on the part of volunteer firefighters and insurers, as to the use of the revolving green light that is now permitted under law for volunteer firefighters.

The way we resolved that was, first of all, we called up the Ontario fire marshal's office and we put a working group together made up of members of their office and some of our member insurer companies. We have been able to draft a very good guideline that is now being used by the Ontario fire marshal and auto insurers, and we have not heard any further difficulties with respect to volunteer firefighters.

This is an example of the kind of voluntary but I think very useful approach that we have been very happy to take to this and related issues.

The Chair: Thank you very much for your presentation before the committee today.

That concludes the presenters' list for this particular bill at this time. I am going to call a recess until 11:25 so that the preparation of the pending amendments arrive before we go into clause-by-clause. So we'll recess until 11:25. I've asked the committee to stand by the room, if you would, because we expect them momentarily.

The committee recessed from 1104 to 1137.

The Chair: The standing committee on finance and economic affairs will come to order once again. Thank you.

We are now moving to clause-by-clause consideration of Bill 40, An Act to amend the Insurance Act to protect emergency service providers from rate increases to their personal contracts of automobile insurance.

Are there any comments, questions or amendments to any section of the bill and, if so, to which section?

Mr Wilkinson: In regard to section 1 of the bill, which is section 417.0.1 of the Insurance Act:

I move that subsection 417.0.1(1) of the Insurance Act, as set out in section 1 of the bill, be amended by striking out "during an emergency as described in subsection (2)" and substituting "while on duty."

The Chair: Any comment?

Mr Wilkinson: If I could speak to the amendment, Mr Chair, I believe we have agreement among all of us that a flaw of the bill as drafted, and I'm the author of the bill so I take responsibility for that, is that it attempted to define an emergency and appropriate response. By reviewing it with the people affected, and particularly with the Police Association of Ontario, it takes into account that really members are on duty and may respond to an emergency without their lights flashing, particularly police officers, and that what serves the public is making sure those people have discretion as they respond to an emergency. So what we're saying is that instead of trying to define an emergency, we believe it would be a stronger bill if we just say that it's when paramedics, firefighters and police officers are on duty. That's the intention of the amendment.

The Chair: Further comment?

Mr Barrett: I think this amendment is important. It's important to have that kind of flexibility, given that there are other circumstances. I think it's important, as well, to have an amendment like this that gets away from the previous wording, which may have been too restrictive.

The Chair: Further comment?

Mr O'Toole: I think what we're trying to find is a way to respect persons using their own automobile in remote areas where we don't have 911 response with all of the latest gadgets. I'm not trying to be smart there. In the second amendment we're going to discuss, it's moving us in that direction. This thing here will allow us to define what is duty. Do you understand? It allows us to add somebody who's being dispatched from their home to go to the forest fire, or whatever it is.

The Chair: Further comments? Hearing none, all in favour? Carried.

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Mr Wilkinson: In regard to section 2, I move that subsection 417.0.1(2) of the Insurance Act, as set out in section 1 of the bill, be struck out and the following substituted:

"Meaning of emergency vehicle

"(2) Subsection (1) applies to the following emergency vehicles:

"1. A fire department vehicle.

"2. A police vehicle while used by a person in the lawful performance of his or her duties as a police officer.

"3. An emergency response vehicle."

The Chair: Any comment?

Mr O'Toole: That's exactly the point we were trying to make. If I was living in a very remote part of my riding and there was a very serious response to an emergency—it could be a forest fire, it could be anything—I may be dispatched to the scene using my own car. This definition here, "meaning of emergency vehicle," doesn't allow that to happen unless you want to add to paragraph 3 an emergency response vehicle "or a personal vehicle." This is the tricky part. You would then have to have some mechanism for ensuring the personal vehicle was indeed, at that time, engaged in an emergency response. That's the thing we'd seek legal advice, counsel advice for. That's really what we want to achieve.

We don't have, in parts of my riding, a full-time fire department. In fact, we are serviced by a remote regional police department. Quite often they are all responding to situations in an agricultural setting, from their home to the site. That site could be an emergency from personal assaults to fires to you-name-it. It's not like pressing a button here and you've got police, fire and ambulance in five minutes. It's not happening. So how do I get there? How do we clarify the definition here to include, but not give advantage to, my personal vehicle?

Pat, you're in a situation not much different from mine, I'm sure.

The Chair: Further comment?

Mr Barrett: Further to the discussion of this amendment to this particular part of the Insurance Act, I just wish to alert the members of the committee that there is a specific opposition motion on the next page that addresses the identical issue, the meaning of an emergency vehicle. I just wanted to make people aware of that. I know we do these in order, but we have a second amendment that addresses exactly the same issue, the meaning of an emergency vehicle.

Mr O'Toole: With your indulgence, Chair, perhaps we could pass this and add a small amendment to it—amend this amendment—and that would be as otherwise described in the definition section 4. Would that be

satisfactory?

Mr Wilkinson: On a point of order, Mr Chair: The subcommittee report stated that amendments needed to be submitted to the committee prior to the beginning of clause-by-clause, which is why we waited for Mr Barrett's amendment, and my amendments were stated.

The Chair: That's correct. Mr Prue?

Mr Barrett: This amendment was submitted prior to clause-by-clause.

Mr Wilkinson: Yes, yours. Not John's amendment to mine, though.

Mr Prue: I have some considerable difficulty with the argument being put forward. I'm going to support the motion as it is. The reason I have difficulty is, if you're driving down a country road or a northern community road and you see somebody speeding at 100 kilometres per hour or 150 kilometres per hour, cutting in and out of traffic, with no markings on the vehicle, I want to tell you, that causes—they may be trying to get to a fire, they may be trying to save a life, but they may also be some kind of crackpot, crazy driver. Without markings on the vehicle, who is to know? I don't want to put something in here that is going to cause difficulty in insurance claims or if accidents are caused or if people get nervous around someone cutting in and out of traffic in an unmarked car. Quite frankly, I can't support it. So I'll be voting for the amendment as it is.

Mr Wilkinson: The genesis of this bill had to do with the issue—and I think we all spoke to it in the House—that a paramedic or a firefighter or a police officer, while performing their duties responding to an emergency—or what we've now said is "responding"—is not driving their personal car. They're doing their duty. They're driving somebody else's car. They get into an accident.

The person who owns the vehicle—the fire department or the police service or the ambulance service—their insurance company pays the claim. So somebody pays the claim.

What's happened, as we've discovered, particularly from the professional firefighters giving us case studies of four individuals, is that somehow that claim ended up coming back to them personally. They weren't driving their personal car; they were driving the company's car. And so the intention of my bill was not to deal with the issue of people driving their personal cars; it had to do with whether or not they were driving somebody else's car and how that claim somehow—I think unfairly—would migrate to their personal insurance at home. That is the intention of the bill. In regard to the amendment we're dealing with now, what we're doing is clarifying this bill so that we are not prescriptive.

I take this actually from Mr Tascona, our colleague in the official opposition, who had said that the problem with drafting a bill and saying that it covers A, B, C, D is, what happens if there's E, F, G? If you don't think of every type of emergency, then you've given carte blanche for people to actually increase the insurance rates of these fine public servants. So this amendment really comes from Mr Tascona, and I appreciate his wise legal counsel, since Mr Tascona is a lawyer of some repute.

Mr Barrett: Just further to Mr Prue's comments, the concern about an unmarked car travelling the roads at a high rate of speed, I want to address two vehicles. Obviously, there are a number of police cars that are unmarked cars, and they fool most people.

Mr Prue: They put the sirens on top.

Mr Barrett: No, there are a number of vehicles—I'm thinking of drug enforcement and what have you—where these are unmarked cars that are travelling. The issue I want to address—and you may have been directing it toward a volunteer firefighter, say, in northern Ontario, who gets the call on his pager and is heading to that particular building that is on fire. He's not going to go to the fire station and get on the back of a truck. He goes directly to the site to deal with it.

Again, I'm not a firefighter. These vehicles are marked, to my knowledge. There was legislation, as I recall, passed perhaps under the NDP government, for these vehicles to have a green light. I think it's on the dashboard. I don't know why they picked green, of all colours to pick. Anyway, that was another piece of legislation.

Many of the vehicles, I think depending on the municipality—I don't have the information—are marked by a green light; it may be a green flashing light. Many of these vehicles will have a firefighters' decal on the front of the vehicle. I think they have dedicated licence plates. I'm not sure. I don't have the information on this. Any of the firefighters I know have something on their vehicle that lets you know they are a volunteer firefighter. They're very proud of that marking on their vehicle.

Mr O'Toole: Just a last comment, with the purpose here to support it; let's be clear. What I am supposing is that my amendment to the amendment would be in order. That's how it actually works. To amend the bill, I adopt this amendment. The only thing is, I would add another clause, "as otherwise may be stated in regulation," or something like that, so they could deal with this and amend the bill without redrafting the whole bill. If we can accommodate that in legal language, I think we could accommodate what Toby and I are advocating for the rural constituents, whose voice we are trying to bring to this table.

The Chair: Further comment?

Interjection.

Mr O'Toole: Like, "or as otherwise defined in regulation."

Mr Wilkinson: I would say that our best thing is to deal with the amendment we have in front of us and then deal with the next amendment and have a substantive discussion then.

The Chair: Follow the normal progression; you're quite right. Any other comment?

Mrs Carol Mitchell (Huron-Bruce): I will hold my comment, if I can, Chair. I will comment on Mr Barrett's.

The Chair: Further comment? Shall the motion carry? Carried.

Mr Barrett.

Mr Barrett: An opposition amendment, Chair.

Section 1 of the bill, adding subsection 417.0.1(2) to the Insurance Act, is amended by adding the following clause:

"(e) the personal vehicle of a volunteer firefighter while proceeding to a fire or other volunteer while responding to an emergency call."

By way of explanation, again, it relates to the previous amendment where we are considering changes to the definition of an emergency vehicle. It very simply adds "personal vehicle" to the list, hence giving us that flexibility to a section of the legislation that we feel would be too restrictive.

Dealing with the issue of the disincentive for a volunteer firefighter or the disincentive for any other volunteer first responder, it's something that has relevance in much of rural and northern Ontario. They are at a much higher risk of getting an increase in insurance premiums or losing their insurance because of the actions they take while on duty.

I guess I define "duty" as once that pager on their belt goes off. They're not sitting in the fire station, as in perhaps the city of Toronto. They would perhaps be working in the bush or on a farm, in their shop or in their house. Once the pager goes off, in my definition of being on duty, they are on duty as a volunteer. They use their personal vehicle to get to the site of the emergency. Again, I don't have the information. I understand many of them are compensated for using their vehicle, whether it's an honorarium—I don't think they get paid mileage. But as soon as that pager goes off, they're on duty. They're not sitting in a fire station. They're in their shop or their home.

Mr O'Toole: We're talking about the same issue. I'm very interested in the government, because at the end of the day you'll carry this bill because you have the majority here.

What we're trying to do is recognize persons involved in an emergency activity who, for whatever reason, are using a personal vehicle. My sense is that the moment you write this in ink and it becomes law, then it becomes. "Who decides what is a personal vehicle?" We may have to put in something like "an identifiable personal vehicle," meaning with the label, with the light. In our area, there are people who do have the light that goes on the top of the car. It plugs into the cigarette lighter. That may be something. That's why I think it should be allowed to happen in regulation as opposed to our trying to draft it here, and say, "with a light," "with a sticker," "with a licence plate," with a whatever, to allow it to be defined in regulation. And if those organizations wish to amend the legislation for insurance purposes, they would be able to approach counsel for the ministry, whether it's the Attorney General, the Solicitor General, and amend it through regulation. That's all I'm trying to achieve.

Right now we have an emerging emergency response mechanism for terrorism, for Amber Alert, and this isn't going away. It's going to get bigger. Police, fire and ambulance will never, ever cover all the emergencies, especially the ones I'm alluding to, ie the very worst event you can imagine. We are all going to be engaged, and that's what you need to define legally in regulation here. Because I can see the circumstances of my having this special licence plate and having two insurance policies: one that's paid for by the town or community I'm the volunteer for and one that's for me in my personal use of my vehicle. How do you separate it? Or would they just say, "Oh, gee, O'Toole's now a volunteer fireman," or volunteer whatever, "and he's going to have a higher rate classification-always"? Do you understand? I don't know how you sort it out here, but I think you have to acknowledge it, Mr Wilkinson, that what we're trying to achieve is a reasonable expectation for some parts of this great province.

The Chair: Further comment?

Mrs Mitchell: I would just like to say that I too am from a very rural area, and we rely totally on volunteers. I will not be supporting this amendment, and the reason is that it's too inclusive. When you add a personal vehicle—and it's not just fire. There are also volunteers and police, fire and ambulance. I believe that it becomes very problematic, not only if I looked at only the cost factor and the shift to those departments that are already under a great deal of stress; it becomes very problematic as to how they administer it.

Just so that you understand—I was chair of the local fire department for over a decade—when the firemen sign in at the fire hall, that's when their duty begins. When they leave in their personal vehicles and their beepers go off, they are not on duty until they sign in again. This proposed bill meets that test, in my mind. Their time frame does not begin, they're not on the

payroll until they sign in; therefore, that, to me, simply states personal use of their vehicles is that—personal. And when they are in the emergency vehicles, this bill supports that. Then we can move forward.

I believe that by allowing this amendment, it just clouds the issue once more. The bill clarifies it, and therefore, I'm prepared to support it with the previous amendments.

Mr Barrett: Again, we're referring solely to those people who are not on a payroll, who are going directly to an emergency.

I just raise another issue as well. I think during the debate the issue of 9/11 was raised. We realize since 9/11 the ever-important role of first responders: again, police, fire and ambulance. I would add to that list those who serve in militia units in Ontario. Again, the people involved are called in. I hate to use the example of Mayor Mel Lastman calling the militia in to shoot the snow, or whatever was going on there. But on occasion, people who have joined militia units, perhaps even cadets, are called in to emergency situations. I've witnessed at least one situation where a deuce and a half, a two-and-a-half-tonne truck, ran into the back of a vehicle. The bumper is so high it doesn't hit the bumper of the car.

Again, are we being inclusive enough? Is the flexibility there to ensure that people in our local communities who have joined, in my case, the 56th Field Regiment, are also covered when they are called in to respond to a flood or some other kind of emergency? I just raise that as something for us to consider.

Mr Wilkinson: Like my colleague Ms Mitchell, I also come from a very large rural riding, and we rely heavily on volunteer firefighters in our riding. The issue of why I can't support Mr Barrett's amendment, though it's well considered, is because if insurance companies were to have this bill, with this amendment, they would be told that their contract holders, if they were a volunteer firefighter or a paramedic, would be able to get into an accident for which that insurance company would have to pay the claim, and there would be no mechanism whereby they could actually take that into consideration when they were setting their premiums. I think the effect of that bill would be to result in volunteer firefighters and paramedics being denied insurance coverage. That's why I can't support this amendment. I don't think that would be fair.

I suggest to Mr Barrett that the issue he is raising about volunteers and the great responsibility they take on should be dealt with in a separate bill. The intention of my bill is to ensure that claims against the fire department or the police service or the ambulance stay there and do not migrate, I would say unfairly, to the person on duty who is doing their job. This other issue, I think, should be dealt with in other legislation. I'm afraid if we were to pass this amendment, the people we're trying to help, particularly volunteers in this case, would actually be denied coverage. No insurer is going to take on a policy where they have claims and they don't have an

offset. Insurance is money in and money out. That's why I can't support it.

The Chair: Further comment?

Mr O'Toole: A final comment, because I'm not sure I'll be able to come back after lunch.

Mr Prue: Mr Chair, on a point of order: I do have an appointment.

Mr O'Toole: My final point on this is that I wish to support the bill. There has been no recognition of future considerations—

Mr Wilkinson: It's a different bill.

Mr O'Toole: —by allowing a section for regulation and definition. As such, we are in fact shifting the risk to the municipality. There will be cost implications. That's why, to the greatest extent, this bill is probably out of order.

Interjection.

Mr O'Toole: No. A private member's bill cannot require government to spend money. That's a fundamental requirement of a private member's bill.

Mr Colle: We're getting off topic here a bit.

Mr O'Toole: No, I'm not off topic. I'm just saying you're trying to remove democratic renewal. I am being supportive. You are not listening for the future—

The Chair: Speak to the motion, please.

Mr Colle: We're getting off topic.

Mr O'Toole: No. You're not listening to any possible considerations, because you're going to be taking the risk from my personal insurance—that's what you're doing with this bill—and putting it on the town's insurance. Now the town will have to—

Mr Colle: Vote against the bill, then. Vote against it.

Mr O'Toole: This is democracy in action.

There is no ability to look forward. As Ms Mitchell described it, it's completely inaccurate. I chaired the fire service. I was on municipal council from 1980, and I know how ours works. She knows how hers works. They don't work the same. If she presumes they do, it shows how little experience she really has. So I'm disappointed by the discussion.

Mr Colle: Mr Chair, on a point of order: I call the question on this amendment, the vote.

The Chair: The question has been called. All in favour that the question be put? Opposed? Carried.

The question is to the motion made by Mr Barrett. Shall the motion carry? All in favour? Opposed? It is defeated.

I will recess the committee until orders of the day are called on this date.

The committee recessed from 1204 to 1603.

The Chair: The standing committee on finance and economic affairs will come to order. We were in the midst of clause-by-clause this morning, and we had just completed what might be described as motion number 3.

Mr Wilkinson: So we've already dealt with the opposition motion? OK.

I move that section 417.0.1 of the Insurance Act, as set out in section 1 of the bill, be amended by adding the following subsection:

"Limitation

"(3.1) This section does not apply when a person is operating his or her personal automobile."

I've consulted with the people that presented here today. They find that acceptable. And I might add that the volunteer firefighters did not ask that this not be in the bill, so I believe we have all-party support that this is acceptable. I'm also told by the ministry that this would be very important from a question of public policy, because the issue here is whether or not your insurance carrier for your vehicle at work somehow affects your personal insurance. We have to put this clause in here to ensure that it's good public policy.

The Chair: Further comment? All in favour? Carried.

Mr Wilkinson: I have two further amendments, points of clarification.

I move that subsection 417.0.1(4) of the Insurance Act, as set out in section 1 of the bill, be amended by striking out the definition of "ambulance."

It's a technical motion, because there will be wording that will be replaced in the next motion.

The Chair: Further comment? All in favour? Carried.

Mr Wilkinson: I have a final government motion. I move that subsection 417.0.1(4) of the Insurance Act, as set out in section 1 of the bill, be amended by adding the following definitions, many of which are the same, and I'll point out the one that is different.

The same is: "'automobile' means an automobile within the meaning of part VI; ('automobile')" of the act.

Then "'emergency response vehicle' means a vehicle within the meaning of the Highway Traffic Act operated by an ambulance service, other than an ambulance, that is used to provide emergency response services, and that has been assigned an emergency response vehicle number by the director of the emergency health services branch of the Ministry of Health and Long-Term Care;

"Minister' means the Minister of Community Safety and Correctional Services or such other member of the executive council as may be assigned the administration of this act under the Executive Council Act. ('ministre')"

That's a technical amendment to make sure that the definitions contained at the back of the bill are accurate and reflect the appropriate other sections of law in this province.

The Chair: Further comment?

Mr O'Toole: I appreciate the amendment I just heard and would like to be on the record as very supportive of it.

The Chair: Further comment? Hearing none, all in favour? Opposed? Carried.

Section 2: Any comment? Carried.

Section 3: Carried? Carried.

Shall the title of the bill carry? Carried.

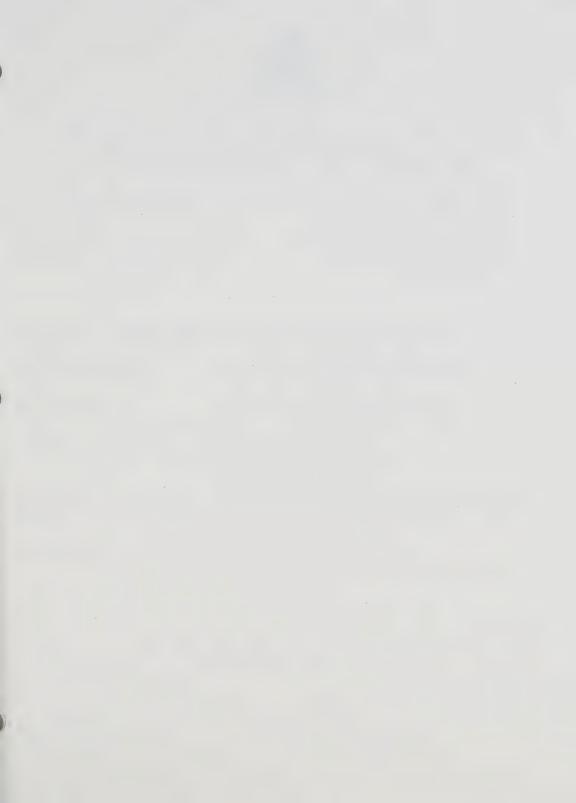
Shall Bill 40, as amended, carry? Carried.

Shall I report the bill, as amended, to the House? Carried.

Mr Colle: I move adjournment.

The Chair: This committee is adjourned.

The committee adjourned at 1610.



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F-21

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First Session, 38th Parliament

Official Report of Debates (Hansard)

Tuesday 15 June 2004

Standing committee on finance and economic affairs

Budget Measures Act, 2004

Assemblée législative de l'Ontario

Première session, 38^e législature

Journal des débats (Hansard)

Mardi 15 juin 2004

Comité permanent des finances et des affaires économiques

Loi de 2004 sur les mesures budgétaires



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 15 June 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mardi 15 juin 2004

The committee met at 1002 in room 151.

BUDGET MEASURES ACT, 2004 LOI DE 2004 SUR LES MESURES BUDGÉTAIRES

Consideration of Bill 83, An Act to implement Budget measures / Projet de loi 83, Loi mettant en oeuvre certaines mesures budgétaires.

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will now come to order. I would ask persons in the room to switch off their electronic devices. There is simultaneous interpretation available for those who choose that. We are working on the temperature in this room as we speak.

SUBCOMMITTEE REPORT

The Chair: To begin with, I'll ask for the report of the subcommittee.

Mr Mike Colle (Eglinton-Lawrence): I would like to move adoption of the report of the subcommittee, and I'll read that into the record.

Your subcommittee met on Friday, June 11, 2004, to consider the method of proceeding on Bill 83, An Act to implement Budget measures, and recommends the following:

- (1) That the Minister of Finance be invited to appear before the committee on June 15, 2004, in Toronto from 10 to 10:30 am to make a 15-minute presentation and answer questions from the three parties. Each party will be allowed up to five minutes to question the minister.
- (2) That following the minister, each party will be allowed five minutes for statements.
- (3) That a media release be issued and an advertisement be placed on the Ontario parliamentary channel and on the Internet.

Mr John R. Baird (Nepean-Carleton): On a point of order, Chair: I would ask for the subcommittee report to be deemed to be read by Mr Colle.

Mr Colle: Usually, you put it in.

Mr Baird: It would just be deemed to be read.

The Chair: I think it would be better if it was read for the purposes of the recording Hansard.

Mr Colle: I'll try to be as fast as I can.

(4) That each party be entitled to select the same number of witnesses.

(5) That interested people who wish to be considered to make an oral presentation should contact the committee clerk by 12 noon on Monday, June 14, 2004.

(6) That following the deadline for requests, the clerk will distribute to the three parties a list of all the potential witnesses.

- (7) That the three parties will provide a prioritized list of their selections to the clerk by 1 pm on Monday, June 14, 2004.
- (8) That the scheduling of witnesses be done according to the selections provided by the parties on a rotational basis and that the clerk may move to the next selection on each list if a presenter cannot be reached.
- (9) That each group be offered 20 minutes for its presentation and each individual 10 minutes.
- (10) That the deadline for written submissions be 5 pm on Monday, June 14, 2004.
- (11) That the research officer will provide a summary of recommendations with a list of presenters to the committee members prior to clause-by-clause consideration of the bill.
- (12) That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements to facilitate the committee's proceedings.

I so move adoption.

The Chair: All in favour? Carried.

MINISTRY OF FINANCE

The Chair: This morning I want to welcome the Minister of Finance, the Honourable Greg Sorbara. Minister, you have up to 15 minutes for your presentation. As in the report just given, there will be up to five minutes for questioning.

Hon Greg Sorbara (Minister of Finance): Thank you very much, Mr Chair. I forget, do I have to press a button here?

The Chair: It's on.

Hon Mr Sorbara: It's on. There you go. It's been a long time since I've been here.

It's a pleasure to be here to begin these public hearings on Bill 83 and the measures taken. Can I just take a minute to introduce representatives from the ministry who are joining me today? I think they're all here. I did a quick check before I began. To my right is Colin

Andersen, the Deputy Minister of Finance. Gabe Sékaly, the associate deputy minister is here. Phil Howell, the assistant deputy minister and chief economist of the province, is with us. Tom Sweeting, the assistant deputy minister, office of the budget and taxation, who, by the way, participated in—was it the 33rd budget? Do I have that number right, Deputy? Oh my God, and he's only 34 years old. We had a special program for him way back then. And Mike Manning, the executive director of the Ontario Financing Authority.

I understand that representatives from the ministry will be here during the committee hearings to answer questions that might arise during the six hours this committee is going to be conducting hearings.

The first point I want to make is that I'm pleased we are having public hearings on the budget bill and that we are spending so much time in Parliament, both in second and third reading debate, for members to have an opportunity to have their say on this budget, on Bill 83, and what the budget is going to accomplish in the province of Ontario.

 Γ ve had an opportunity over the past four weeks, noting that today is the four-week anniversary of the bill, to be speaking about the budget in virtually every corner of the province, every day and sometimes two, three and four opportunities a day, to consult with people, address people and answer questions on the budget. I do want to spend a good deal of my time this morning talking about what it is that Γ ve been hearing on Bill 83 and our budget.

Could I be so presumptuous, just to set the context for my remarks, to quote myself? I guess it's presumptuous to quote oneself, but I want to repeat what I said in the budget speech—

Mr Baird: I will repeat what I said.

Hon Mr Sorbara: I would really appreciate that, I tell my friend from Nepean-Carleton.

In the second paragraph of my remarks, I said this budget "sets out a comprehensive four-year plan: a plan for growth, a plan for prosperity, a plan for better health care and a plan for better education for our kids."

I should tell members of this committee that we worked pretty hard on that sentence, because we wanted to be able to summarize, in a very few words and in a very tight fashion, what this budget was really all about and what it is all about.

I don't think I have to go through the details in all the areas this budget covers for this committee. Members are very familiar. They've had an opportunity to read through the budget papers, and I know that all members—certainly the members of my own party—have been in a constant dialogue with their constituents on what the impact of the budget will be over the course of the next four years.

Could I just take a moment to point to some of the less publicized parts of the budget, but things that give me great pride as one of the participants in shaping the direction that we're taking under the budget.

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For example, I am so darn proud that we were able to allocate \$25 million to make some real improvements in children's mental health. Not a lot has been said about that, but it was so important for us to begin to move the yardsticks there. The fact that after 11 or more years we were able to make some significant improvements in disability support programs and social assistance programs is a matter of great pride. The fact that we could spend a section of the budget on what we wanted to achieve and what the budget had for northern Ontario was, I think, so very important. My own perspective is and has been that the north has been left out of the economic growth of this province over the past decade, and we really are going to be able to look back four years from now and see the benefits of what we seeded in this budget for northern Ontario.

Much more important than those individual elements is the budget's determination to bring this province to a state of financial health over the course of four years. There's no doubt that the controversy in the budget has to do primarily with the fact that this party and this government committed during the election campaign not to raise additional revenues and to balance the budget in the first year of its time in office. Certainly the controversy has been related to the fact that we were not able to keep those commitments, and I will want to speak to that toward the end of my remarks.

I want to put on the table for members of this committee, and I hope the opposition members perhaps will get some sense of this, that in every single locale I ve been to since the budget—internationally, Boston and New York; in Montreal just a few days ago, last Friday; in Ottawa, Thunder Bay, Sudbury, London and Mississauga; a number of venues in Toronto; Brantford and Guelph; and I continue this exercise tomorrow in Hamilton and a number of other locales—the reaction to the substance of the budget, I want to tell my friends particularly in the opposition, has been very positive indeed.

The fact that we are beginning, with this budget and the investments it makes, to start to transform health care and at one and the same time start to move from a hospital and doctor's office model for delivery to a more community-based level of care has been very well received indeed. I've said and the budget says that over the course of the next four years, we are going to bring down the overall cost of health care and the rate of growth and that has been very well received.

I want to say to my friends that in the area of public education, the fact that we have made public education the area where the most significant new investments are being made, particularly over the course of the four years, has been very well received.

But more important than those individual areas of activity has been the primary theme of the budget, and that is to get this province back to financial health. It is not written about, and we do not speak very much in our debates in Parliament, that this budget presents a four-year plan to get us out of the debt spiral we inherited

when we took office on October 23, and I want to finish up on that theme.

The circumstances we inherited—I spoke about this in the fall economic statement—are referred to by economists as a structural deficit. In simple terms, that means you won't get out of the deficit situation simply by the organic growth in your revenues because the organic growth in your expenditures will constantly outpace and leave you in a situation of deficit. In practical terms, this meant that in the absence of major interventions, this province would have had a structural deficit of about \$4 billion to \$5 billion every year for the foreseeable future.

What's the way out of that? There are basically two avenues. Dramatic cuts in public services certainly was one alternative, and I want to give members of this committee a little bit of a sense of the extent to which we are talking about dramatic cuts in public services. This year we will have a deficit of \$2.2 billion if all goes according to the plan, and we think it will. That's with additional revenues of \$1.6 billion from the health premium.

Let's assume we wanted to put in place these budgetary measures but have a zero deficit this year. The \$2.2 billion represents one fifth of the entire hospital capacity and a half of everything we spend on colleges and universities, so close down half the system; close down all of the community colleges and still look for another \$1 billion. These kinds of levels of cuts should give members of this committee the extent to which getting ourselves back to financial health was not doable simply by cutting expenditures.

In the end, the appropriate thing for this government to do was to put the interests of the province and its public services and its people and its government ahead of our own individual self-interest as politicians. To be very frank, we decided that we will take the hit for having to raise revenues in this province and manage expenditures tightly, because to do so over the course of four years will get us to where we absolutely have to be, and that is, a province that has an extremely high quality of public services, particularly in the areas of education and health care, and an ability to pay its way, with a revenue base that is sufficient to keep us out of debt and in fact to keep us balanced.

Where are we going over the four years? If things go really well, we may be on the positive side of the balance sheet by 2006-07. We have reserves in the amount of \$1.5 billion in the three out-years of the plan. The economy right now is performing very well. The economic assumptions that underpin what we've put in the budget are described by economists as conservative. We're determined to create an environment where the economy outperforms what we've provided for in the budget.

The bottom line for us is that this budget sets us on a course to good financial health in the province, strong public services, a platform for a new generation of economic growth, and I think, once all the clatter of the politics behind the budget subsides, this budget will be seen as setting Ontario on a better and stronger course that will give us sustainability for years to come.

The Chair: Thank you, Minister. Each caucus will have five minutes for questioning, and we'll begin with Mr O'Toole.

Mr John O'Toole (Durham): Thank you, Minister, for your presentation. I just think it's rather hasty and hurried, that if you look at the subcommittee report and the short time frame for presenters, as well as the time allocation motion we're dealing with, it really has constrained public input on a budget that has been received rather jadedly. If you listened to question period, you would have to see that even the questions respectfully asked yesterday by Howard Hampton—what secrets remain to be discovered in this budget is really the question, let alone the clear uncertainty that you've presented to the electorate. That's really what this is about. It's confidence in your making clear and distinct disclosures and then doing the right thing. It's a matter of trust. I wonder how you would respond to that.

We're trying to do this respectfully, but you are constraining debate. I'm looking at the taxpayers federation presentation where you committed to a referendum if you were to raise taxes. I've asked you questions in the House, Mr Baird has asked you questions in the House, and it's clear you don't want a referendum. Do you call this process public consultation?

Hon Mr Sorbara: Just on the question of consultation, before this budget was presented, we engaged in perhaps the most extensive pre-budget consultation that any government has undertaken in the history of this province, and we're very proud of it. I personally participated in 14 consultations around Ontario, each of them involving dozens and dozens of people, some involving 80 or 90 people, gathered together for a period of three hours. I want to tell you, Mr O'Toole, that this budget reflects the sum total of what we heard during those consultations.

My friend from Nepean-Carleton talks about a referendum over and over again: "Why didn't you have a referendum?"

Mr Baird: I didn't sign the taxpayers' protection pledge; you did.

Hon Mr Sorbara: He's asked that question in question period and publicly a number of times. Could I speak to that issue just for a moment?

Number one, the level of pre-budget consultations, as I said, was extensive. More importantly, I put to my friends in the opposition, can you have a referendum on whether or not you are going to ultimately pay your bills? The financial circumstances we inherited from the previous administration put this province at financial risk in a way that it has never been before, at least within this context. Over the course of eight and a half years, over the course of 10 years, this province had uninterrupted economic growth, yet notwithstanding that, this province's finances became weaker and weaker and weaker. So in the last three years of the previous administration, notwithstanding that expenses and locked-in costs were

rising, expenditures were rising, at a rate of 22%, revenues in Ontario actually fell by 0.6%.

We were on a collision course with disaster, given the circumstances we inherited. My view is, with circumstances that bad, there is no public question as to whether you should or should not pay your bills. You have to pay your bills. Provinces have to commit themselves to balancing their budgets, and that's what we did with this plan and with these additional revenues in the form of the Ontario health premium.

The Chair: You have about a minute.

Mr Baird: Sir, you're a smart man. You're intelligent. You're capable—

Hon Mr Sorbara: Is there a supplementary?

Mr Baird: I don't think you get the point. You signed the taxpayers' protection pledge. You promised the people of Ontario a referendum, and it is high and mighty for you to sit in this committee room, in this great pink palace, with the closed-circuit television and without more than 20 seats for the public to sit in, when you promised the people of Ontario a referendum.

For you to sit here and suggest that this budget has been well received by the people of Ontario—no one believes that, no one. There is not a single person in Ontario who would believe you when you say that this budget has been well received. Why wouldn't you honour your commitment to have a referendum? If you are so proud of this budget, if you are so proud of your efforts, why not let the people decide, just as you promised?

Hon Mr Sorbara: Could I just answer that, Mr Chair? Mr Frank Klees (Oak Ridges): Before he does that, could I just ask one question?

The Chair: Your time has expired. We'll allow the minister a brief response.

Hon Mr Sorbara: I would say to my friend from Nepean-Carleton that I've probably travelled in a post-budget tour more than any finance minister in the history of this province, so I think I am a better authority as to whether or not this budget is being well received.

Mr Baird: I've travelled this province too.

Hon Mr Sorbara: But if I could, sir, let's go to some unbiased authorities. Moody's, for example, very recently confirmed Ontario's credit rating. They did so because, they said to me personally, "We are impressed with the fact that you've had the courage to raise the revenues necessary to pay your bills and you have put into place a very disciplined expenditure control program."

Mr Baird: I'm talking about this document that you signed. Have you talked to a working family? I've travelled the province—

The Chair: Order, please. We'll move to the NDP and Mr Prue. You have up to five minutes.

Mr Michael Prue (Beaches-East York): I'd just like to explore a couple of things you said. The first one was, you made a statement that you are out to transform health care and bring down the costs. We've seen how part of that happens by delisting chiropractors, by delisting

optometrists, by delisting physiotherapists. What other ways are you bringing down the costs? Anybody can cut service. Anybody can do that.

Hon Mr Sorbara: I think that's a good question. If we had half an hour or 45 minutes, and particularly if we had the health minister here, he would be—

Mr Baird: We don't; you're ramming this through.

Mr Klees: Give us more time.

Hon Mr Sorbara: He would be pointing out—

Mr Klees: Let's have unanimous consent to extend these hearings by a week.

The Chair: Order, please.

Hon Mr Sorbara: I think we would both be pointing to a number of very key initiatives in the budget. The major one is the move from the hospital room/doctor's office model of delivering health care to a communitybased health care model. Mr Prue, you know and your party knows, because you have been among the most articulate and effective advocates of this very kind of move in health care. So, for example, we are going to be investing millions more in community health care centres. We are going to be establishing some 150 family health teams. We're going to be moving away from the fee-for-service, hospital bed model of health care to one that is more rooted in the community. I know that your leader and your previous leaders have been, as I said, strong advocates of this. We are going to be relying more on a wider variety of health care deliverers. Nurse practitioners become much more important in the system than they have been in the past. Community health teams will involve a wide variety of health professionals.

If we're successful in that shift—and we're determined to be successful—we believe we can make health care more accessible at the community level, solve some problems like the accessibility and availability of family doctors, and actually reduce the growth rate in health care from its historic highs of 8%, 9% and 10%, year over year.

Mr Prue: That's all well and good, but there is a process as to how you would put that together. I put it to you that you would have to put the process in in advance, before you withdrew the money from the hospitals, in order to have a new system set up, which is kind of expensive. I didn't see that in the budget, so I'm wondering how that—I mean, they're all very good words and I agree with them—

Hon Mr Sorbara: It's a good question.

Mr Prue: —but where is the money to do it? If you take the money away from the hospitals first and then set up the process after, you're going to have many people in despair.

Hon Mr Sorbara: One of the line items in the budget is a change fund that has about \$1 billion in it altogether, and some \$600 million of that has been allocated to the Ministry of Health in specific programs that help us make that transition.

You're absolutely right and on target that the administrative challenges in this transformation are significant. We make no bones about that. I'm really proud of the

leadership that George Smitherman has exercised in this area thus far. He knows this will not be easy, but ultimately we can create a better system if we move toward community-based care. It's one of the reasons we are putting more money into home care as well, because that will help us get there. It's one of the reasons we're putting more money into long-term care, because if it's a higher-quality care and there are more beds, it will free up hospital beds and allow us to dampen the very high rates of growth in carrying our hospitals historically, certainly over the past five and 10 years.

The Chair: We'll move to the government and Mr Colle.

Mr Colle: Mr Minister, in terms of the increased spending for health care this year, what is the total amount of increased spending for health care?

Hon Mr Sorbara: Altogether, about \$2.4 billion, if memory serves me.

Mr Colle: And how much are you collecting from the new health care premium?

Hon Mr Sorbara: This year, because we are really working on three quarters of the year, the new Ontario health premium is expected to raise about \$1.6 billion. So about two thirds of all of our increase in expenditures in health care this year will be funded by way of the premium.

Mr Colle: I just want to follow up on Mr Prue's question, which maybe needs more explanation. In terms of the transformation agenda for health care, it's not just about increasing spending, it's about changing health care to prevent the flow of people into emergency, into hospitals. What exact dollars or what programs that are in the budget are being enhanced to begin this process of transformation? One that I think has not received much mention is the uploading of public health. Instead of public health being covered by municipalities, the province is now going to fund 75%. How is that seen as part of the transformation, or home care expenditures or immunization programs?

Hon Mr Sorbara: I think it's set out in fairly good detail on pages 43 and 44 of the budget paper A. But just to speak to it directly, there are a wide variety of things that are the broader determinants of health. For example, when you expand home care and deliver services in the home, some of the services that you might fund might come through other ministries, but overall you are enhancing the quality of health care and the overall health of the population.

I'll just give one example. I think it arose in the Legislature yesterday, although I was absent. I am told that people were criticizing expenditures in the Ministry of the Environment—and that's on page 44 of budget paper A—criticisms that programs in the environment in terms of safe drinking water and watershed management somehow weren't health care expenditures. If you ask no less a pre-eminent authority than Dr Fraser Mustard, who is an institution in this province and in this country, he will tell you candidly that probably the most important step

that a jurisdiction like Ontario has taken over the course of the past 100 or 200 years, the most important improvements in the overall health of mankind or person-kind on this planet have to do with clean water and sewage systems that keep poisons from people—the single most important determinant of health.

One of the reasons why we are investing in cleaner water and better sewage systems in Ontario is to ensure that we don't have a reoccurrence of Walkerton, that the quality of public health in the province is of the very highest standard, that we are the best at it in all of North America

The Chair: Very briefly, we have one minute.

Mr Colle: In terms of the alternative—in other words, when the Harris government came to power, they were faced with a financial challenge left them. They proceeded with massive cuts in social programs, massive cuts to education, downloading on municipalities. Did you consider going that route?

Hon Mr Sorbara: Obviously, we had to consider the outcome of cuts right across all ministries. With the leadership of the Premier, we did a comprehensive review of expenditures in every single ministry of government. We superimposed a new style of financial management, which is referred to in the budget papers and described as budgeting for results. The budgeting-for-results process did result in some new financial discipline and expenditure discipline within government. In fact—

The Chair: Thank you, Minister.

Hon Mr Sorbara: Could I just, with the indulgence of the committee, make one more point, sir?

The Chair: Very brief.

Hon Mr Sorbara: We found it inappropriate to go that route. We found that the most important step we could take in this budget is to put forward a four-year comprehensive plan to bring the province back to health without compromising public services in the way that we believe happened in 1995 and 1996.

Thank you for your indulgence, sir.

The Chair: On behalf of the committee, I thank you for appearing before us this morning, Minister.

Now we have statements by the various caucuses, and we'll begin with the official opposition. You have up to five minutes.

Mr Baird: This budget is probably the most poorly received budget in contemporary Canadian political history. It is playing a huge effort in the cynicism that people have toward all politicians. I don't think there's been a single act in Canadian political history that has done more to make people believe that all politicians are liars. The public is furious. They are angry. They were promised a referendum.

Minister, I appreciate that we can have an honest difference of opinion. I know you to be an incredibly smart fellow. I know you're a capable individual. There is nothing inconsistent with your campaign promises and nothing has happened in the intervening period which would not allow you to hold a referendum and to consult the people of the province of Ontario. If Mr McGuinty is

so proud of this budget and feels he can make a compelling case to voters, I'm going to say they might have been open to hearing that case. But they are livid, they are furious that Dalton McGuinty is not honouring that pledge. To sign this pledge promising a referendum and then to be so dismissive I think does us all a disfavour. We will see voting rates go down directly as a result of this. Young people will flock away from politics and from the democratic process because it doesn't matter. I don't know how Mr McGuinty will make any promises in the next election campaign, because, frankly, no one will believe him.

He had an option. He could have gone after Mr Martin. He didn't have a dime of new money for health care. Your two or three predecessors—four predecessors, including Mr Laughren—have suffered from federal underfunding by, frankly, both political parties. To not get a single dime from the Minister of Finance, as happened in this past budget—he had a choice. He could have gone after Paul Martin for that extra money and used this new special relationship he liked to brag about.

I cannot describe the visceral anger and hatred across Ontario for this budget. I too have travelled and have spoken before audiences of 2,500. I've spoken at the doorsteps with Ontario taxpayers right across this province, from Windsor to Ottawa to Barrie to Hamilton to Burlington to Oshawa, and I must be talking to different people than you are, because I see no support for this budget. I have not met a single person who believes this is a good budget—not a single person in the province of Ontario. The level of trust and contempt that people have out there is astonishing.

Mr Klees: Thank you, Minister, for your explanation. I'm going to pick up where my colleague left off. We obviously have different approaches to how to deal with funding of health care. The issue here really isn't whether you decided to increase taxes to the people of Ontario to deal with whatever additional expenditure, in your wisdom, you determined needed to go into the health care budget. The issue really is one of integrity.

I have to believe that you're getting the same calls from your constituents that I am; as recently as this morning an e-mail from Mr Stewart Fleming, angry not so much at what you've done but the attitude with which you've done it. The Premier is being quoted today, "Personally," he says, "I've always thought popularity was a bad thing, and so far I've managed to avoid it." This glibness is attacking people where it hurts. It's the attitude that you really don't care what the people who elected you are thinking today.

As Mr Baird indicated, you refer to consultations. We've asked for public hearings here so that we could truly get to the heart of some of the issues in this budget, and so we're restricted to a very few hours. Where in your consultations, Minister, did you come up with the idea of delisting chiropractic services? Where in those consultations did you come up with the idea of very vulnerable people in our society from whom you simply, overnight, take away the funding of health care that you

may not consider as important? You may think that immunization is more important than chiropractic services or physiotherapy, but have you spoken to the people who are actually getting those services on a day-to-day or week-to-week basis? These people are in distress.

All we get in question period—and this is what is so frustrating—are the same rote responses from either yourself or the Premier that somehow this is all in the public interest. The public are those individuals, seniors, young people, who are dependent on services that now they can no longer afford. That is the problem with your approach to this budget.

The Chair: We move to the NDP and Mr Prue.

Mr Prue: At the risk of sounding like a Conservative, I have to also agree with them that this budget has not been received in any kind of way that you might suggest. I know that when you go to audiences you may be able to convince them in the short term that the budget is good for them or that what you are doing has a long-term implication and ask them to wait. But the general public, I have to tell you, is very upset at this. If you have been out knocking on any doors for your federal colleagues, you will know that this is probably the single biggest issue in Ontario, even though it is not even remotely related to federal politics. The public is angry and they're not willing to accept your budget for what you say it is.

I have some considerable sympathy with some of the statements that you make. I have sympathy that the tax cuts of Mr Harris were devastating to this province. I have sympathy that municipalities were downloaded, that the hospitals don't have enough money, that our schools are in bad shape. I have sympathy with that because I know it to be true. There's no question when you describe a structural deficit existing in Ontario. Of course we have a structural deficit, and of course we need to find the money to balance that.

The whole thing comes down to how you are going about it. And that, I think, is the fundamental difference between what you say and what I say, or what the New Democratic Party says. You say you get rid of the structural deficit in two ways. One is to transfer the hydro debt over to Hydro so that the rates go up there and Ontario magically takes off \$3.9 billion, which allows your deficit to go down to \$2.2 billion. I don't know what trick you're going to use next year, but you're going to have to come up with something equally good in that range if you hope to have a non-deficit budget.

The second is the whole problem of the dedicated health tax, and I use the word "tax" on purpose. It is—

Mr Baird: That's what it's called in the act.

Mr Prue: I don't want to call it "premium." I've heard that word too.

Mr Baird: It's called a tax in the act.

Mr Prue: And it is a tax. It is unfair to those people in our society who cannot afford it, those who are at the poorest levels. I know it's put in \$60 to \$900, but it is still very unfair in terms of the actual tax that they would pay vis-à-vis income tax. I would suggest to you that you

might want to convince your colleagues here to change that aspect. If you change that one aspect of this budget, it may be more saleable. If you were to change it from a health premium to a simple income tax deduction, those who can afford to pay the most will pay the most. And I don't mean the range from \$300 to \$900. I mean a whole lot more that the Income Tax Act would allow for than that. If that was done, then perhaps this budget might be salvageable.

Right now, the problem that I see in terms of the funding is that you're following the same right-wing agenda as Alberta and British Columbia, who have instituted this.

Mr Baird: Whoa, whoa, whoa. I'm going to defend him on that.

Mr Prue: You are. And you're following the same agenda that easily delists services that people come to rely upon. I heard some of the answers on that yesterday accusing the NDP 10, 15 or 20 years or however long ago, of delisting removal of tattoos, that this is somehow in the same vein. Quite frankly, I will tell you that people rely on optometrists, physiotherapists and chiropractors in a way that nobody needs to rely on the surgical or laser removal of a tattoo. These are totally different things that have happened.

Quite frankly, I think you need to salvage this before it's too late. You need to make the modifications and the changes. If this hearing is to prove anything, if it is to do anything, it is an opportunity for you to backtrack. If you're not going to go out to the public on a referendum that you promised to do, at least have the courage and the political conviction to backtrack on some of the worst aspects of this budget, to make the changes in committee, so that when we go to third reading of the bill, you can say, "We have listened; we have changed."

If all we do is listen to these people over the next two days, and if all we do is pass the same budget that you brought down, then this whole process will be a sham, and it won't be me getting the political flak; it will be you

Mr Chair, that's all I have to say.

The Chair: Thank you. Your timing is impeccable.

We'll move to the government and Mr Colle.

Mr Colle: Minister, I'd just let you know that in the past the previous government time-allocated almost every budget bill. They rarely sent bills to committee. In eight years the Tories never had more than three days of second reading debate on a budget bill. We've already had six days of debate—twice as much.

Mr Klees: We never had a budget like yours.

Interjection: You said you weren't going to close hospitals. Remember when they said that?

Mr Baird: We didn't sign a pledge. We didn't vote for—

The Chair: Order, Mr Baird.

Mr Colle: If I can continue, Mr Chair. In fact, talking about budgets, I remember a budget—

Mr Klees: Arrogance extraordinaire.

Mr Colle: —brought forth in 1995, just after they were elected. Talk about a budget from hell; this was the budget that cut welfare rates by 21%, fired one third of—

Interjection.

The Chair: Mr Baird, order.

Mr Colle: The truth hurts. I know.

Interjections.

The Chair: Order, please.

Mr Colle: Let's go back to the budget from hell that they passed: a 21% cut to social assistance; one third of the Ministry of the Environment slashed, gone, which led to Walkerton; slashed education funding by \$400 million, which began the deterioration—

Interjection.

Mr Colle: —not even going back to Mitch Hepburn.

Let's stick to 1995. You know, Mr Minister, when they brought forth this budget from hell in 1995, and they called it that, because they said, "This is a revolution. We're going to essentially bring down the whole structure of government and rebuild it." They never rebuilt it, but they never had any public hearings, not one day of public hearings on that budget from hell in 1995.

Then we can also talk about when they, who are now so loyal to the Taxpayer Protection Act, in the year 2002 broke the Taxpayer Protection Act with Premier Eves and Minister Ecker—no referendum. As the taxpayers' federation even said, "A tax deferred is a tax increase," yet they had no public hearings on that, no referendum; now the double standard.

I just want to tell you, Minister, that the opposition sometimes forgets. They talk about distress. The distress we've witnessed over the last eight years in our constituency offices: We get phone calls from 85-year-old seniors who can only get one hour of home care a week. They were in distress. Those are distress calls. We were getting distress calls from mothers who had sons or daughters who needed chemotherapy who couldn't get chemotherapy. Those were calls of distress. We had calls of distress about people needing hip replacements, waiting a year for a hip replacement, begging to get up on the list. Those were the calls of distress we were getting. We were getting calls of distress from our schools, where day after day they saw the cutbacks, the deterioration of the buildings, the special-ed deterioration of the support those children needed. Those were distress calls we were getting.

At least we're hearing, "Finally you're putting your priorities first," which are fixing health care, fixing education and fixing our cities. People also said, "All around us we see the deterioration of our cities. We need part of that gas tax money which you're giving." So those people who at election time were calling for fixing health care, education and cities are saying, "You're doing the right thing." They're saying, "Thank God, now we don't have to wait in emergency rooms for possibly six to eight hours." For eight years that was health distress: waiting in emergency, waiting in a hallway for eight to 10 hours to see a doctor in an emergency.

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Those are the things that the opposition doesn't want to talk about. Hopefully, that's what this budget will deal with. It's a challenge, but it is something that we've made a decision to do. I think we have no choice but to use this money, as you've said, not only to increase the spending in these areas; we also have to make them able to meet the demands. The demands are great, and that's why the transformation is essential.

Mr Baird: I'd like to ask unanimous consent to give Mr Colle another five minutes.

The Chair: Is there unanimous consent? Mr Colle has five more minutes.

Mr Baird: Keep going. I want to hear this.

Mr Colle: I also-

Mr Klees: Comment about chiropractic services, physiotherapy services.

Interjections.

The Chair: Order, please. If you gave him five minutes, you should allow him to speak. You wanted unanimous consent for Mr Colle to speak, so I'd ask you to listen to his comments.

Mr Colle: Mr Minister, one of the things that is critically important too, as I've said, is about the transformation agenda. I think the public has to be aware of the fact that many of the dollars we're spending in this budget go towards home care. I know they laugh about home care for seniors. They're laughing about that, but they didn't listen to the calls that we were getting daily in our offices for eight years, about 85-year-olds who wanted to stay in their homes. They didn't want to be a burden on the hospitals. They didn't want to be a burden on the emergency rooms. They wanted to be able to stay in their homes. This budget at least gives them the opportunity, with more home care, to stay in their homes and therefore reduce health costs down the road. We can't continue to just fund hospitals as they are. We have to take the pressure off our hospitals.

Mr Klees: What about seniors who need physiotherapy?

The Chair: Order, please.

Mr Colle: That's why the immunization program for children is also worth it. Minister Smitherman told us that a pediatrician told him, in Hamilton in fact, that by including immunization for all children in Ontario, he did more with a stroke of a pen than he had done as a pediatrician in 30 years.

Those are the investments we have to make to prevent the ongoing escalation of costs in health care, which are too hospital-dependent. That's why we have to continue to transform health care with more immunization programs, with more community health centres. This budget has \$14 million for—for the first time in nine years we're putting money into community health centres.

I've got two fantastic community health centres in my riding: the Anne Johnston centre and the Lawrence Heights centre. These are centres where people who normally would normally go to emergency instead go to the community health centre. There's a practical nurse, a

doctor, councillors. In essence, they work to give people the proper direction of how to be treated, where to go, give counselling. They set them up with Meals on Wheels. That's another very important part of this budget, our community health centres, which take the pressure off of our hospitals. We have 50 in Ontario; hopefully we can expand those community health centres.

Seniors, especially, are greatly helped by this budget too, because for the first time since 1992, we have increased the property tax break for seniors who are either tenants or homeowners by \$85 million. A 25% increase in that property tax credit is significant for seniors. That \$625 dollars that that low-income senior who's a tenant or a homeowner can use will also help keep that senior in their home, in dignity and with proper health care.

I would think that municipalities are also going to be able to provide the public health we need in our communities. The opposition has already forgotten about what a disaster like SARS can do to our communities.

Mr O'Toole: You increased taxes—

The Chair: Mr O'Toole, come to order, please.

Mr Colle: When they cut public health in 1997, I remember being in a committee meeting in London, Ontario, and the medical officer of health for Chatham said, "You do this at your peril. You cut public health and you are liable to see an outbreak of a disease that you won't be able to control." This was in 1997 when the opposition Conservative government devastated and downloaded public health. So that's why the investment in public health, the uploading to 75% of the cost, is going to be able to, as I said, prevent and perhaps stop future SARS outbreaks from happening, hopefully.

The Chair: Thank you, Mr Colle. Your five minutes has expired.

Mr Klees: On a point of order, Mr Chair: I would like to present something to the Minister of Finance before he leaves. This was given to me by Dave Anderson, a chiropractor from Newmarket. It's a little cartoon that shows a huge line-up—

The Chair: That's not a point of order.

I would ask if the Ontario Association of Non-Profit Homes and Services for Seniors are in the room. Would you please come forward.

Mr O'Toole: Mr Chair, if I could ask for clarification if it's appropriate at any time during the committee to move amendments or recommendations to the committee—in an orderly and respectful fashion, that's all I'm saying. Because we lose track of these presenters as we go through. I know we have the researcher, but we have such a short time here. If we could get them on the record, it clarifies it for our researcher, and I don't mean frivolous or vexatious types of—

Interjection.

Mr O'Toole: Mr Milloy, you're new here, right? Why don't you just be quiet and don't embarrass yourself so frequently?

Interjection.

Mr O'Toole: No, John, you should be quiet. I've listened to you. You're trivial and boring, so just be quiet, OK?

Interjections.

The Chair: Order, please. There is a time allocation motion, as members would know, for this hearing. You will note that the deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon on June 16. You can file those amendments up until that time. Of course, they would not be discussed until clause-by-clause, as per the motion from the House.

ONTARIO ASSOCIATION OF NON-PROFIT HOMES AND SERVICES FOR SENIORS

The Chair: I would ask again if the Ontario Association of Non-Profit Homes and Services for Seniors are in the room. If you would please come forward. I appreciate your being here and indulging us with the opportunity to hear from you on what might have been a difficult timeline for you.

Ms Donna Rubin: We just learned a couple of hours

ago that we were on this morning.

The Chair: Well, we appreciate it. The committee did have some difficulty in scheduling the very first presenter, so we appreciate your being here. I would ask you to identify yourself for the purposes of our recording Hansard. You have 20 minutes for your presentation, and you may allow for questions within those 20 minutes, if you so desire. You may begin.

Ms Rubin: My name is Donna Rubin, and I'm the CEO of the Ontario Association of Non-Profit Homes and Services for Seniors. Again, I want to thank you for

the opportunity to present this morning.

Given the time constraints, our documentation in your package is essentially our submission that we presented to the committee in February regarding the funding needs in long-term care.

OANHSS has been sensitive to the government's current fiscal situation, but we'd also suggest, and have been during the last number of months, that balancing the budget quickly needed to be weighted with the human impact of the funding requirements in this sector. The frail elderly who live in long-term-care facilities do not have the luxury of a lot of time to wait for better care. Those who live at home and cannot get access to services in the community are being prematurely admitted to facilities because community supports are just not available.

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We maintain that the government simply has to make a substantial funding commitment in this fiscal year. The alternative is to simply fall farther behind, and to do otherwise when the public is so much more aware of the situation in facility care would be to appear as completely uncaring, notwithstanding a huge deficit.

I have to emphasize that funding will make a difference to residents. The issue is not just about standards

and enforcement and more accountability within our sector. It's about having more staff on the floor, more bodies and more hands to deliver care and more highly trained staff, specialized staff, to meet specific needs.

The shortfall that we identified back in 2002 was not an arbitrary figure. At the time, we were trying to move toward about 2.75 hours of care and put more money into very needed areas such as food, rehabilitation and programming. At the time, we pegged a \$25 increase in the per diem as the need. Here we are in 2004 and the gap is still significant, at about \$15 per person, and that, costed out across 75,000 beds in the sector, was \$420 million, across the whole facility sector.

That funding requirement was consistent with the pledge that the Liberals were making during their campaign at about \$6,000 per resident. That's what they were also campaigning on. So if it takes a number of years to get to that amount, it will continually be a receding target

because every year the gap grows larger.

Right now we've been told in the budget there's \$191 million toward long-term-care facilities, and I would ask the committee to try to ensure that every bit of that gets put toward the bedside, toward the resident. We have some reason to believe that some of that money will be going toward project money for other needs in long-term care, supportive care, but that would not affect the person at the bedside.

We're also calling upon the government to fix the funding inequity between the not-for-profit facilities—the homes for the aged—and nursing homes, which are predominantly for-profit. Homes for the aged and in particular most charitable homes are getting significantly less funding from the government than a typical nursing home. This is due to supplemental funding pots that are currently in the system, such as pay equity and others. There is no public policy rationale for the government to fund nursing homes at a higher level than homes for the aged. The difference can be as much as \$6 per resident per day.

A backgrounder on this issue is attached, and if I can draw your attention to the last page of the supplement that I've provided, there is a chart at the back. As you can see, if long-term-care per diem funding is stable—\$117.04 across the top—the supplemental funding pots are having a significant impact with an average per diem in a nursing home at \$124.82 and a charitable home at \$118.92.

An equalization solution was developed by OANHSS and our partners in care—the Ontario Long Term Care Association and the Association of Municipalities of Ontario—in 2002. While there has been no formal response to that proposal, we are currently working in earnest with government officials and our partners, OLTCA, that would develop an approach that would implement a systems correction and it would be fixed when the new funding to the sector would flow as a result of this budget.

The best time to fix this inequity is when new money comes into the system so that no home is destabilized in the process. If I can point out what would happen, for example, under pay equity, if nursing homes get \$3.31 compared to 82 cents in a charitable home and \$1.59 in a home for the aged, when the not-for-profit sector typically pays higher wages, what would happen is a flattening of many of those lines, and that money would be put into the care per diem above. So it would be an equalization across the types of homes.

Again, the best time to do this is when the government releases the funding to our sector so that no home would lose money as a result, because new money is coming into the system and all the money that the government is providing to homes would still go towards care. It's not as if it would go to make this correction. It's just that you don't want anybody to have less money this year than they had last year. That would destabilize them.

In conclusion, we fully believe that funding the long-term care continuum offers the province the best opportunity to invest to save. Every time a facility has to send someone back to hospital because they need an IV or they're dehydrated, we're not providing care that we could be doing with a little bit more. It's costing the system so much more to transfer them to a more costly part of the system. Again, the health care system pays more, not to mention the toll and the transferring on the individual.

I certainly support the amount that's been allocated for long-term care in the budget. As I indicated earlier, I would ask you to seriously urge the government to invest as much of the \$191 million as possible toward every resident in long-term care. Thank you.

The Chair: Thank you. We have about four minutes per caucus for questioning, and we'll begin with the official opposition.

Mr O'Toole: Thank you very much, Ms Rubin. A pleasure to see you again before the committee. Your advocacy is always respected. I just want to follow up on one comment and compliment. I fully agree with the observations on the transfers of patients from long-term care or homes for the aged. In today's environment in hospitals, I think it is a wise and prudent move to move services closer to the patients, eliminate the cost and indeed the risk. So I'm quite supportive of that.

There was quite a bit of attention paid—and there should be, with an aging population—to the commitment during the election, the \$6,000 per person. Would you like to comment on that? Do you think they're on the right track or is there more specific targeting? You've mentioned a couple in the supplementary report, of equalizing some of the funding envelopes, if you will. Would you like to comment on that? Are they moving in the right direction? Is it enough? Reinforce what you've said here in terms of a parity issue.

Ms Rubin: We're certainly moving in the right direction with having approximately \$191 million coming into the system. The point I was trying to make is that a couple of years ago we pegged that the need was dire, at about the \$420 million level. If we don't get there as quickly as possible, the gap—we're continuing to fall

behind. What happens is the money is basically keeping us up with pay equity and wage settlements, because 85% of our money goes to salaries and wages. You don't see an appreciable jump in care unless the larger investment is made.

We've gotten halfway there with this investment, so absolutely. Unless we correct the system, however, our homes, the not-for-profits, are disadvantaged because they're \$6 short, on average, from a typical nursing home. We've got to have funding fairness in the system as well, so that every home is given about the same amount of money to do the job.

Mr O'Toole: If all that funding does flow—as you say, it equates to wages and benefits, about 85% of the total operating budget—how do we increase the number of hours that the actual patient receives attention? If you are just trying to deal with the equity in this wages and income part, you can add a lot of money to that and not really provide additional service. That's a problem. Are there other efficiencies that can be—

Ms Rubin: If you add \$191 million into the system, you will buy that amount in care. It's not going to go to this inequity issue, it's going to go to buy the staff that was cited would be needed: 2,000 additional staff and 600 nurses. We will see those people hired. There is absolutely no doubt in my mind that we'll see more people on the floor.

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The Chair: Thank you. We'll move to the NDP.

Mr Prue: I'd like to go back to the statement that you have written here. It says, "This funding requirement is consistent with the promise made by the Liberals during the election campaign to increase funding by \$6,000 per resident. If it takes a number of years to get there, it will be a continually receding target because every year the gap grows larger." With \$191 million, how much larger is the gap?

Ms Rubin: We're about halfway there, just under halfway. The ask at the time of our submission was \$420 million; \$191 million is just short of halfway there. It is a good jump, but by no means are we at the level we had suggested. If we pegged \$15 a day as what was needed, I would anticipate that this money could be in the area of \$7. So we're about halfway there.

Mr Prue: Can you tell me, have you had any discussion with the minister or ministry officials on how the \$191 million is to be apportioned? I'm particularly mindful of the fact that private nursing homes seem to be getting a bigger bite than charities or municipal nursing homes. Have they talked to you at all about that, whether that can be redressed?

Ms Rubin: We've had no final numbers from the bureaucrats at this point and nothing from the government politicians, but we do ask—and that was my plea today—as much as possible of the \$191 million go toward care. Our understanding is that some of that money might be used for projects such as supportive care or transition beds. Those are very necessary in the system—so don't get me wrong; we support those

projects—but that will not add money toward the \$15 we said we needed at the bedside. Those are for different kinds of projects. So I'm asking the government to please consider that as much of the \$191 million go toward resident care in long-term-care facilities.

Mr Prue: Yes. But my question relates more to private health care facilities, nursing homes, that make a profit. They seem to be getting more in government subsidy than those that do not.

Ms Rubin: That's right.

Mr Prue: Have you had any discussions with the government about whether or not the charitable organizations can be put on the same footing as the private institutions?

Ms Rubin: Yes. We're currently in discussions. Currently, and when the money flows, the systems correction should be made at that time. But we're asking for the government to do that. We've had no confirmation to date other than that they are resolved to try and fix this problem. So the time to do it: If the money flows this summer, make the systems correction. Flatten some of those pots out so that the not-for-profit facilities get their fair share of it. I am asking this committee to make a recommendation, if you will, that that happen at that time.

The Chair: Thank you. We'll move to the government.

Ms Kathleen O. Wynne (Don Valley West): Thank you, Donna, for coming today. I take your point about equalization and the gap. Thank you for making that comment. We will certainly take that back. You are in conversation with the ministry?

Ms Rubin: Yes.

Ms Wynne: OK. I just wondered, from your position of expertise—you've had a chance to look at the budget now, and you know that what we're trying to do is give people the care they need. So if they need to stay in their homes, we're trying to give them support to do that. If they need an acute bed in a hospital, we're trying to give them that bed. But if they need to be in an institution, we're trying to do that. Can you comment on the way this budget will contribute to that kind of rational apportioning of resources? Do you see that this budget moves us in that direction, to that continuum of care?

Ms Rubin: I think you are moving in that direction and that you've made investments in long-term care. You're also making investments in home care and community services. You need to shore up those other support areas so that if they're working as optimally as possible, then we aren't forcing people into the higher parts of the health care system. So as that money flows, and it has yet to flow, to community, home care and long-term care, I think we are going to see some of that begin to happen, but again, in a smaller amount. We're not all the way there yet, but you're moving in the right direction. Absolutely.

Ms Wynne: OK. You made a statement about you having no doubt you'll see more people on the floor. Can you just expand on that and what the significance of that statement is?

Ms Rubin: As much of the \$191 million as possible—when we cost it out as to what personal support workers and nurses and RPNs cost, and try and translate what that will mean in terms of FTEs, you're in the ballpark for the commitment that you made. I have no doubt, assuming that much of the \$191 million does indeed go toward resident care, that will materialize in our being able to hire more staff.

Ms Wynne: Again, thank you very much for your comments. I think it's important to note that we understand the complexity of what we're trying to do and the reversal of directions that haven't been helpful in the past. We're trying to turn this ship around. So thank you very much for your support.

Mr O'Toole: On a point of clarification, if I may: I thought my question to you about would there be more staff was that the \$191 million would not result in more staff.

Ms Rubin: No, the \$191 million will result in the staff commitments made at the time of the announcement. The 2,000 staff—

Interjection.

Ms Rubin: No, it will go toward the money to hire more staff, and that is wages.

The Chair: Thank you. Ms Mitchell, you have a question?

Mrs Carol Mitchell (Huron-Bruce): Yes. Thank you very much for coming and making the presentation today. My question is with regard to the standards. You had some concerns raised about that, and I just wondered if you could expand on that for me.

Ms Rubin: Well, when we've been talking about \$420 million and that need, it was basically to do what is currently being asked of us. We have to be careful about expectations of higher standards, because already money is flowing and everybody is assuming that standards will increase dramatically. So I think we have to have some caution around that.

When we were submitting that paper earlier in February, my worry was the issue in the media and elsewhere, that everything wrong with facilities, if you will, was that we needed to have more stringent enforcement and standards. We've been saying for years we need funding to do what we need to do: more people. Yes, we need clear enforcement and better monitoring and compliance, but you need the money in order to have the bodies at the bedside.

Mrs Mitchell: Just to restate, we clearly heard that through our public consultations as well as within our own ridings. Just for the record, we heard, listened, and I'm absolutely delighted with your response. That's where the dollars will be allocated.

The Chair: Thank you.

CANADIAN TAXPAYERS FEDERATION

The Chair: I would call on the Canadian Taxpayers Federation to please come forward.

Interjections.

The Chair: Order. I mentioned at the beginning for members and those in the audience that they are working on the cool air that's in here. I'm told that the other day it was very, very hot in here, and now we have it too cool. But they're working on it. The staff are attempting to regulate the temperature more evenly.

Good morning. Welcome to the committee. You have 20 minutes for your presentation. You may allow time within those 20 minutes for questions, if you so desire. I would ask you to identify yourself for the purposes of our

recording Hansard.

Ms Tasha Kheiriddin: Thank you. My name is Tasha Kheiriddin. I am the Ontario director for the Canadian Taxpayers Federation. I want to thank you very much for the opportunity to address the standing committee on finance and economic affairs on the subject of Bill 83.

The CTF's submission will deal exclusively with one section of the bill, and that is section 17, which brings in the new health premium to be collected through the

income tax system, starting on July 1.

This premium, which, in the CTF's view, constitutes a tax, raises four main concerns that I will address in turn. The first of these is lack of governmental accountability. The second is financial impact on taxpayers. The third is unreliability as a source of revenue. And finally, there is the issue of lack of necessity of this premium in the first place.

Lack of governmental accountability will probably come as no surprise to members of this committee. It's an issue that's been before the House since the budget has been out, really.

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I guess the first issue for us is that the health tax is being imposed, in our view, in direct violation of one of the most important statutes that protects taxpayers in this province, and that's the Taxpayer Protection Act. It also violates the taxpayer protection promise which was signed by Premier McGuinty during the last election.

Section 2 of the Taxpayer Protection Act clearly states that there can be no increase of an existing tax, or imposition of a new one, without public approval obtained either through the electoral process or through referendum.

Budget Bill 83 disregards the law and effectively establishes this new tax on health without any majority support whatsoever. At no time was this tax disclosed to the chief electoral officer during the provincial election last fall. At no time was a referendum held to get tax-payer approval for the new tax. This tax was not even mentioned during Minister Sorbara's public consultations, on which it should be noted the government spent about half a million dollars of taxpayers' money this spring. Yet as of July 1, this tax will be collected off the paycheques of Ontarians through the income tax system.

I can't get into more detailed legal issues, because the CTF, as you well know, has commenced court proceedings against Mr McGuinty and Mr Sorbara with regard to this matter and full arguments will be made when the case goes to hearing. Suffice it to say that the

Taxpayer Protection Act is the last legal line of defence that taxpayers have against governments which would raise their taxes without consultation, and it has not been respected in this case.

The other accountability issue we have to deal with is Mr McGuinty's signed election promise to the CTF not to raise taxes and not to implement any new taxes. During the last election, Mr McGuinty made this promise repeatedly, both in his platform and, most importantly, at a very well attended press conference organized by the CTF, where he signed the taxpayer protection promise with great fanfare.

This no-tax promise became a constant and inescapable selling point of Mr McGuinty's campaign, in advertising, in campaign literature and in his speeches. It's also worth noting that before the election, in the words of his own pre-election fiscal platform released May 23, 2003, Mr McGuinty said, "Fiscal discipline, holding the line on taxes and balancing our budget is not only the price of admission for governing at the beginning of the 21st century, it is the foundation on which we build the rest of our platform."

Recently, Ontario taxpayers have been treated to the excuse that because the Conservative government, the predecessor to the Liberals, left them with a \$5.6-billion deficit, the present government had no choice but to raise taxes. Yet during the election campaign, on September 5, 2003, when questioned as to what he would do if faced with a larger than anticipated deficit, Mr McGuinty told the Toronto Sun editorial board, "I will not break the Taxpayer Protection Act.... What we are saying is that if we have to slow down our investments, we will do so,... but we will not raise taxes and we will insist on balancing our budgets."

In addition, there is evidence that the Liberals knew well before the election that the deficit could be as high as \$5 billion. Comments made on June 4, 2003, by Mr Phillips to this very committee refer to a "\$5-billion hole" in the budget for that year.

All of the above, as I'm sure the members of this committee are well aware, have contributed to a great sense of distrust and disgust on the part of Ontario taxpayers. They are feeling this toward the government and its new health tax. This is borne out by the latest Ipsos-Reid poll, which shows that 71% of Ontarians think this budget is bad news for them and 61% think that bringing in health care premiums is the wrong thing to do.

To date, the CTF has also collected over 150,000 signatures on a petition calling on the government not to raise taxes or run deficits. This sense of outrage is growing, as we are adding signatures to this petition every day, further confirming the resentment taxpayers are feeling against broken laws and broken promises.

The second issue I will address is the impact on taxpayers of this tax. This tax will impact all Ontarians, but none so severely as low- or middle-income families. The average Ontario family of four earns just over \$60,000 a year. According to Minister Sorbara in the speech in which he presented the budget, that family will pay an additional \$50 a month in taxes for health care. This may not sound like a lot of money, but considering that family's current tax burden—the fact that they pay almost half their income in taxes: income taxes, gas taxes, sales taxes and the like—this is a lot of money. This represents \$600 a year; that's 2% of that family's after-tax income, and that will be taken away with no direct benefit. Will that family actually be any healthier at the end of the year? Will the health system be in better shape to serve that family? With this government's record on broken promises, it's hard to believe that any of these things will actually change.

But what we do know is that every year that family will have \$600 less in its pockets to spend on rent or on mortgage payments or on food or on the education of the children. This will essentially reverse all the gains, in terms of income tax, made by Ontarians since 1999.

For lower-income families, the impact is even worse. When you break down the calculation, you can see that a \$72,000-a-year, single-income family would pay \$600, or 0.083% of its before-tax income. A single-earner family making \$48,000 a year would pay \$450, and that's 0.094% of its before-tax income. A single-income family earning \$25,000 a year will pay \$300, and that's 1.2% of its before-tax income. So not only is this tax to be imposed without any consultation, but it is most onerous on those at the lower end of the scale, who can least afford to pay it.

To add insult to injury, the third point is that this tax will not prove to be a panacea for health care because it's not going to bring in the amount of revenue the government claims it will. In fact, many taxpayers, in addition to paying for health care already through their income tax, are going to pay twice for this tax, through the tax for themselves and also for union members.

Many contracts with the province's two biggest unions, the Canadian Union of Public Employees, CUPE, and the Ontario Public Service Employees Union, OPSEU, provide that should health premiums be imposed, the government—taxpayers—must pick up the tab. According to Sid Ryan, president of CUPE, this will become a bargaining issue for all contracts up for renewal and he's been quoted as saying he predicts it will cause headaches. He believes about 30% to 40% of CUPE Ontario's approximately 1,000 collective agreements, covering, in his words, "tens of thousands of workers," still retain 15-year-old clauses stipulating that the employer, the government, must pay for health premiums. These were established under the former Ontario health insurance plan.

In the two other provinces in Canada that impose health premiums, British Columbia and Alberta, unions have systematically negotiated contracts that require employers to pick up the costs, so it's safe to say we predict this will also happen here in Ontario. Already a spokesperson for the CBC has said the company is examining collective agreements to determine what impact the budget measures will have. An official for OPSEU,

which represents 100,000 members at hospitals, community colleges and social services across the province, is doing the same and was quoted as saying, "It's sort of hit and miss all over the place."

In other words, there's a great degree of uncertainty attached to the payment of this new tax. In a labour relations context, uncertainty is never a good thing. In fact, it means only two things. It means protracted negotiations, and if those fail, it means litigation. I ask you, who will then pick up the tax for the government's legal bill if it's battling the unions in court? Again, it will be the taxpayer.

In the private sector, it's also unclear who will pay the premium. Will autoworkers' unions seek to have GM and Ford pay these costs? What about the thousands of other workers who are also in similar unionized jobs? Employers from a variety of sectors could face additional labour costs, protracted contract negotiations and court battles. As a result, they will hire fewer workers or will simply not give their current employees a raise. The result, very simply, will be even less money in the pockets of Ontario workers.

It's also unclear that these funds will actually go to health care, as they are supposed to, because they do flow, as the budget provides, into general revenue. As NDP leader Howard Hampton ably pointed out yesterday, and I believe this was also picked up in the Globe and Mail today, the 2004-05 budget classifies all sorts of things as health care expenses, including \$113 million for water and sewer construction. A tax going into general revenues, as is well known, is the worst kind of tax, because you simply cannot keep track of where it goes and you cannot keep track of the money once it's been collected.

Since the government does not know how much it will collect under this new tax, obviously how can it decide how much it's going to spend on the goal it seeks, which is health care, and how can it claim that this premium will improve the health care system? It doesn't know how much money it will collect because it will actually be footing part of the bill. It doesn't know who will be footing the other parts of the bill and what the impact on job creation will be. In other words, when you look at this, it's very clear that the government did not do its homework before imposing this tax.

If the tax had been put to the people in a referendum or an election, these issues would have been well aired before. They would have been worked out, and if people wanted the tax, they would have been able to approve it. Instead, they are saddled with this punitive and uncertain tax that will not do what it is intended to do.

1130

My final point deals with lack of necessity. We believe this tax is unnecessary to rebuild Ontario's health care system. Curbing spending in other areas of government would have been the prudent choice. Both the Canadian Taxpayers Federation, in our pre-budget submission to the Minister of Finance, and the Fraser Institute, in its recently released post-budget analysis—

which I believe actually came out yesterday—concluded that the government has a spending problem and not a revenue problem. You can refer to the chart that is reproduced lower on this page.

This problem was inherited from the previous administration, that is true, but the problem is that this current government has done absolutely nothing to correct it. The present administration is now spending at a level that is higher than that of Bob Rae under the NDP, when adjusted for inflation and population. By failing to get a grip on spending, this government is simply digging a deeper hole into which it will keep shovelling public money instead of tackling the spending problem.

Another interesting and important point is that we are in a federal election right now, and both the federal Liberals and the federal Tories currently running for election are pledging increased spending on health care. Under a federal Liberal government, next year Ontario would start receiving approximately \$620 million annually in additional health spending until the 2009-10 fiscal year, for a total of \$8 billion. Under a Conservative administration, payments of just over \$1 billion a year would begin flowing in this fiscal year itself and every year thereafter until 2008-09, for a total of \$13 billion. These calculations are based on a per capita allocation of spending relative to Ontario's percentage of the population.

Since it's reasonable to assume that one of these two parties will form the government, unless of course they follow Mr McGuinty's lead and break this promise, Ontario will be getting a substantial infusion of cash earmarked for health care. This, coupled with modest spending reductions, as we had suggested in our prebudget submission, and the elimination of the \$1.2 billion in Tory waste that we heard so much about during the campaign from the Liberals, would in our view eliminate the need for the health care premium altogether.

In conclusion, we feel that the health care tax contained in section 17 of Bill 83 is an ill-thought-out cash grab that will not deliver the improvements to health care that the government would like to see. For reasons of accountability, adverse financial impact on taxpayers, unreliability and lack of necessity as a revenue source, this tax will hurt and not help taxpayers. It will also not fix the government's real problem, which is overspending.

The CTF therefore recommends that section 17 be removed from Bill 83 or simply voted down when the budget bill goes to third reading in the House. If, despite its manifest defects, the government still wishes to impose this tax, our position is that it should proceed lawfully by means of a referendum and consult the people and get their consent to do so.

Thank you. That is my submission.

The Chair: Thank you. We have about two minutes per caucus. We'll begin this rotation with the NDP.

Mr Prue: Thank you very much for your detailed submission. I'd like to go to page 3 of your submission just to go over these figures again. It heartens me, because it's something we in our caucus have been trying to present to the Liberals, that a \$72,000-a-year single-income family would pay \$600, or 0.083%, of its before-tax income, and then you go on to show it's 0.094% for a family at \$48,000, and for a family at \$25,000 it's actually 1.2% of its before-tax income. This is exactly the opposite of the income tax system, where the more you make, the more you pay. This is the less you make, the more you pay. Do you have any idea why this government would embark on such a bizarre taxation system?

Ms Kheiriddin: We have no idea why they embarked on this entire taxation proposal in the first place, but if I had to hazard a guess, it's that the bulk of taxpayers are located in these income brackets and they seek revenue from them because they think that's where they'll get it. Do we think it's fair? No. I completely agree with your comments that it is regressive and it hurts people who can least afford to pay it.

Mr Prue: If they need the money, where would you suggest—you're suggesting that they don't need the money, but they're suggesting they do need the money.

Ms Kheiriddin: We're suggesting that they should curb spending to find the money. We're not suggesting that they should simply raise taxes. I hear them groaning over here. But honestly, we have been saying this and the Fraser Institute is saying this too; we're not alone in this. Spending is at a record high, in terms of the last decade and a half in this province. There is waste that was talked about during the election. Why haven't they dealt with it in this budget? We don't see anything on that score.

The Chair: Thank you. We'll move to the government.

Mr Colle: I just wanted to quote to you from your pre-budget submission. I think we know what your categorical position is on where we find the money. You say, on health care: "The government should control health spending, open up health care to innovation and private service providers and urge the federal government to amend the Canada Health Act to permit full private choice in health care."

Isn't that essentially the difference? And I respect that you've been consistent about that. You're saying that the real savings down the road, as far as the Canadian Taxpayers Federation is concerned, in health care provision is by allowing private health care, a two-tier system in Ontario.

Ms Kheiriddin: We believe the only way to save the health care system in the long term is to move to systems that countries around the world have, where you have a definite guaranteed public health care system and you also have a private option, yes. We do believe that.

Mr Colle: Like what country, for instance?

Ms Kheiriddin: I would say countries such as England, the US, Sweden: countries that are social democratic and have this system. What we are saying is the system right now is not sustainable. If you refer to our pre-budget submission, we actually, in our appendices, have a chart that shows that in about 30 years we're going to be spending almost 80% of our budget on health care, if we continue at the present rate.

Let me just say also, this does not only imply private delivery of health care services themselves; there are other services within the health care system this government could have considered, such as the government in British Columbia did, where they looked at things like hospital food, cleaning services, things like this that do not impact health directly, which could be rendered privately more cheaply than they are rendered now. Why did this government not do that? I put it to you that it's because you probably didn't want the labour strife they experienced there when they did it.

The Chair: We'll move to the official opposition.

Mr O'Toole: I would just like to request formally—I have a copy of the taxpayers' promise and I'd like, for souvenir purposes, for you to distribute one of these, signified as a kind of copy of the original, to each member. Because this will be a symbolic moment in history of actually signing in writing and saying one thing and then doing exactly the opposite and breaking the law, if that's of any consequence. I think it's a historic document, and I think we should all be held to those standards of integrity and accountability.

Your presentation is not a surprise. I suppose you are, as you supported Dalton prior to the election, more disappointed than we are really, because it turns out you couldn't trust them.

Ms Kheiriddin: How did I know you would throw that at me?

Mr O'Toole: Anyway, I do want to say a couple of things. I want to be on record as supporting the five principles of the Canada Health Act.

I also want to put on the record the truth. Despite what the members say, about 38% of health care today is private; it has been for years. Those in the room who don't know that are misleading the people of Ontario. All oral health, almost all drugs, almost all clinics—as a matter of fact, they've continued the precipitous decline in public health by delisting chiropractic, physio and optometry.

The question I have to you is, in the future, are there other ways of communicating? The public of Canada doesn't like the words "other money" or "other sources of revenue" for health care. We need it; I will be first in the line to use it. Are there other ways of doing efficiencies?

Ms Kheiriddin: There are other efficiencies. In fact, at pre-budget consultations I attended, members of the health care profession themselves spoke about the need to look within the system and find those efficiencies. They cited examples in their own experience and said throwing more money at the problem is not the answer. We already spend so much money on health care in this province, relative to other provinces. Our standard of care can be improved by other means, by finding those efficiencies, and that's the government's job: to look for that, instead of simply taking money from taxpayers.

The Chair: Thank you for your presentation. Ms Kheiriddin: Thank you very much.

CANADIAN UNION OF PUBLIC EMPLOYEES, ONTARIO DIVISION

The Chair: I would call on the Canadian Union of Public Employees, Ontario division, to please come forward.

Interjection.

The Chair: Do you know whether he is in the building?

Mr Colle: We can just take a pause and go outside to warm up.

The Chair: We will then recess, but I would ask committee members to stay, in case he walks in the door. We will recess for a moment.

The committee recessed from 1138 to 1144.

The Chair: The standing committee on finance and economic affairs will please come to order. I will call upon the Canadian Union of Public Employees, Ontario division, to come forward, please. Good morning. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions if you so desire. I would ask you to identify yourself for the purposes of recording in Hansard.

Mr Brian O'Keefe: My name is Brian O'Keefe. I'm the secretary-treasurer of CUPE Ontario. I want to thank the Chair and members of the committee for the opportunity to present on this issue. It's short notice, so I'm going to make my remarks fairly brief.

For our union, the budget was a disappointment. The Liberal government was elected in October on the grounds that they would address the huge deficit that's been built up in this province in the public sector over many years under chronic under-investment. This was a golden opportunity to address some of these issues that have been around with us for a long period of time.

We do appreciate the tentative steps that were made toward addressing some of the issues in health care and education, but beyond that, there's a lot of work that still has to be done. Our public services in this province are in abysmal shape, and the amount of money, the \$4 billion in program spending for this coming fiscal year, as far as we're concerned, doesn't cut it. We appreciate that there are some steps to provide stable funding over a number of years, but it doesn't come anywhere near what's required. As far as a goal is concerned, we would be looking toward the figure that was mentioned in the document by the Centre for Policy Alternatives, the alternative budget, which looked to a figure of about \$15 billion over four years in order to address the chronic underfunding of public services that has developed in this province.

Another issue I think is very important here is that when we get to the 2007-08 year, at that particular point in time the proportion of program and capital spending in relation to GDP will be somewhere around 12.2%, which is actually lower as a percentage of GDP than the average for the spending under the previous government's term of office. That is of great concern to us. So there's a lot of work that has to be done here. Only five ministries—health, education, colleges and universities, social

services, and justice—got any real new funding. Everything else has been either cut or flatlined, and that is an issue that has to be addressed.

If I can focus in on how the government dealt with the revenue shortfall, it's very regrettable the way that this was approached. My union firmly believes in progressive taxation. I think the government should have been upfront. Quite clearly, with the \$14 billion that has been extracted out of the economy by the previous government in tax cuts, a tax increase of some form or other was called for, but we believe in progressivity. A progressive taxation was required here, a taxation on people who earn over \$100,000 a year. There's a huge polarization in the distribution and income that has crept up in this province; in fact, right across Canada and the Western world there's a growing disparity between the rich and the poor. So I think this period in history calls for progressivity more than any other that I can think of, and that's what should have been done here.

Also, the huge corporate tax cuts, in excess of \$3 billion, introduced by the previous government should have been addressed. These corporations can afford to pay their fair share, and that was not dealt with. Furthermore, there are huge tax loopholes out there that could have been addressed and could have dealt with this situation much better.

1150

The route taken with the Ontario health premium we see as regressive taxation. It's hitting the middle-income earner, the working person in this province. That's just one part of it. There's also the delisting of services, pretty basic services, as far as we're concerned: chiropractic, optometry and physiotherapy. This is going to have implications for our members. It will create added pressures at the bargaining table, because benefit costs are a huge issue with employers right now. The combination of a regressive tax hit, user fees and increased premiums for benefits is going to create huge pressures at the bargaining table. I can tell you right now, my take on this is that this is going to lead to a fairly confrontational labour climate in the broader public sector, I don't think that is in the interests of anybody in this province at this particular point in time.

I'll just mention a few issues around the different sectors. There is a real concern around the funding in the health care sector. We've made a huge issue of the level of funding in long-term care. It's been very clear. Our union, along with the Canadian Auto Workers, has called for 3.5 hours of a minimum level of care in the long-term-care sector. I notice in the budget the \$400 million pumped into this sector, which is laudable and we applaud it, but it's basically for new beds coming into the sector, the 3,760 beds coming on stream this year. So most of that money is going into an expansion of the system, and I just wanted to emphasize that there are huge issues out there with the existing system. It's falling apart and it has to be addressed. I don't see that in the budget and I think it's very regrettable.

On the education side of things, obviously we're pleased that some tentative steps have been made to

address the funding in the school board sector. Here again, Mordechai Rozanski made some very clear recommendations, and the funding that's coming through here is a very narrow interpretation of what he came up with. In actual fact, additional funding is required in this sector to stabilize it.

As far as colleges and universities are concerned, the funding here is pretty well—we see it, for all intents and purposes, as a flatlined budget. Additional money came in relating to tuition fees, and also previous funding came in around the double cohort. This is a sector which I think we should be ashamed of, to tell you the honest truth—the lowest funding per capita. I think it's the second-lowest in the whole of North America. This is not a good advertisement for Ontario. We're supposed to be working toward a knowledge economy, and we are the second-lowest in North America. I think that's pretty regrettable. Significant funding is going to have to go into that sector, and what's in this budget doesn't cut it.

On the social services side of things, there is appalling poverty across this province; there has been for a long time. If you factor in inflation, people on social assistance have taken a hit probably in the vicinity of around 37%, and the 3% increase that's been provided here, although we appreciate the effort that's been made to do that, is nowhere near enough to address the level of poverty that exists out there in this province right now.

The 4,000 new child care spaces are appreciated also, but here again, that is just a flow-through of federal money. I think this government is going to have to show a lot more leadership on that issue to ensure that there's proper, regulated childcare across this province.

I want to finish up talking about public infrastructure. We've made a number of deputations on this issue. We've talked to the Premier about it. I want to congratulate the government, actually, on the new Ontario Strategic Infrastructure Financing Authority. That is something our union has promoted, and I think this is a good step. This is a good way of leveraging money at low interest rates from the private sector. But I want to caution the government about going down the very negative road of promoting public-private partnerships. If this financing authority is there to tap into the lowest interest rates we have had in about 45 years—interest rates are at historic lows, and it's a golden opportunity for governments to tap into these low interest rates and address infrastructure needs in a creative way.

Going down the P3 route, the public-private partnerships—these are financial scams. We've made our position very clear on that. They've been condemned by public auditors right across this country, in the UK and in other countries. Recently, I want to point out, because I know the Liberal government has had some advice from the UK, the International Monetary Fund has taken the Chancellor of the Exchequer in the UK, Gordon Brown, to task on this issue of P3s, around hiding debt. I want to make it very clear: It doesn't hide debt. Most of these P3 contracts are over a 25- to 30-year period. You may end up paying a small amount of money at the beginning, but it's future generations that pick up the tab here, and all the evidence we have right now is that they're way more expensive than if governments directly finance public infrastructure themselves.

So I want to caution you about going down that road. You will meet vigorous opposition from the trade union movement. It's not just CUPE but the entire labour movement, the 2.5 million members of the Canadian Labour Congress across this country. This is bad public policy. It's not a good use of public money. It's a huge cost to the taxpayer. Tap into those low interest rates and provide the capital infrastructure within government.

Those are my remarks. Thank you very much for listening to me. I'd be happy to answer any questions you might have.

The Chair: Thank you. We have about two minutes per caucus. We'll begin this rotation with the government.

Mr Colle: Thanks very much, Mr O'Keefe. I think you've given a very fair assessment, and I appreciate the time constraints. It's a very valid overall perspective.

I just want to mention that there's an attempt by our government to try to transform some of the ways in which we deliver services. For instance, in health care, we know we can't just keep funding hospitals ad infinitum. We think that by getting people away from the hospital door, by doing more home care, community health centres and family health teams, we might be able to do that. That's going to take us some time, and then hopefully we'll be able to have more money for other essential public services. That's our goal.

Second, I want to say that one refreshing change I noticed at the Toronto school board discussions—for the last four or five years we've had nothing but agony over what we do with this deficit. But I noticed that this year, for the first time ever, they're wondering what to do with the \$7.1-million surplus.

There are no doubt challenges, as you've mentioned. I just think there are some things that are happening, and I just hope you will continue to work with us, with your public employees, to try and get things, as you said, back out of this hole of \$14 billion in cuts.

Mr O'Keefe: Wo're always prepared to work with governments, but the big issues, these funding issues around public services, have to be addressed. A big one for us is capital infrastructure. We want to make sure that's not done in a way that erodes public services and undermines the public sector and public sector workers.

Mr Colle: That's why we've also given part of the gas tax to municipalities, essentially for that same approach. **1200**

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you, Mr O'Keefe. It's good to see you, and your comments are important. I agree completely with you on the lack of progressivity in the tax on health care. On \$25,000 a year you're going to pay 0.83%, and Mr Prue will make that point, and the high-income, \$75,000 and over, will pay 0.83%.

I know Sid Ryan's very busy these days. I've seen him on local debates on the federal election, so I appreciate your standing in for him here.

I just want to be clear, though: Is there some trouble ahead? The bill says in section 17, "A provision that amends the Income Tax Act to establish a new tax called the Ontario health premium..." Which is it, a tax or a premium? If it's a premium, you're going to court to make sure that—the contract language today says a health premium will be paid by the government. What's your position, not just for CUPE but for all the organized workers in Ontario? Do you think they're going to recapture this as a direct subsidy in their paycheque?

Mr O'Keefe: There are a number of issues there. There are quite a number of collective agreements out there dating back to when we had OHIP premiums. Certainly we will be attempting to enforce that language, which still remains in the collective agreements.

Mr O'Toole: And be paid for by general government revenues.

Mr O'Keefe: Ultimately, transfer payments are going to have to address this issue, but working people generally across this province are taking a fairly massive hit with this Ontario health premium, and it's going to be an issue at the bargaining table, for sure.

Mr O'Toole: Mr Baird has a question as well.

Mr Baird: This might take just a minute or two. It's a question related to the budget and your members, a non-partisan issue with respect to social services. A lot of the presenters are talking about the budget, not just this bill, and that's fair. I wonder if you would be willing to provide the committee with an update—not now, but sometime in the future—on the whole issue of salaries of your members who work with persons with a developmental disability.

I noticed in the budget—I was pleased with it and I've acknowledged that in the House—that there is additional funding to support people with developmental disabilities. It's years four and five of a plan that was announced three years ago. I wonder if you might provide something in writing to all members of the committee that would assist us in talking about the budget in the upcoming session of the House on where that stands in terms of your members. I know it's a significant concern of a lot of Associations for Community Living, and I wonder if you would be willing to provide that to the committee.

Mr O'Keefe: That's a huge issue. I alluded to the fact that there are huge social problems across this province, and that's an area that isn't addressed in the budget. I know your government, the previous government, did introduce significant funding, but I have to tell you, there was a huge disappointment with your government around how quickly that money flowed into front-line staff, into salaries and wages. It was a big disappointment. A lot of it was used for matters other than for staffing.

Mr Baird: But it is in the budget that's there more money there, though.

The Chair: Thank you, Mr Baird. The time has expired.

If you care to provide any information in that regard, you can forward it to the clerk and the clerk will ensure that all members of the committee receive it.

Mr O'Keefe: We will do that.

The Chair: Now we'll move to the NDP. Mr Prue, you have two minutes.

Mr Prue: A couple of questions, if I can get them both in. The first one has to do with collective bargaining. You have stated that the existing contracts, some of which are 15 years old, have a provision for the health premium, and you're going to enforce those. What about the ones that don't? Are you going to do what the unions have done in Alberta and British Columbia and ask for this money at the time of collective bargaining, that the employer pay it? I would think you would.

Mr O'Keefe: Yes. Obviously, this is a huge hit on our members. Anywhere from \$300 to \$700 is a pretty significant amount of money, so our members are going to have to get redress for that in some way or other. It's going to be a very confrontational bargaining climate.

Mr Prue: So you anticipate that in dealing with this government, because of this particular provision, as a starting point you're going to be looking, for each of your members, for the \$300 to \$700 back from the government that they've lost as a result of this bill?

Mr O'Keefe: Absolutely.

Mr Prue: The next point: You started off saying you were disappointed with the number of ministries being flat-lined or that are taking a cut, and that's the majority of the ministries of this government. How do you see that affecting your members, the employees of the Ontario government?

Mr O'Keefe: A significant impact for our members and also for other unions. Obviously, we have a lot of members in areas that receive money as well, health care and education. We represent pretty well every type of employee in the broader public sector. In the municipal area, for example, what's being provided there is very, very tentative—absolutely nothing around housing. Anything that's coming through is federal money and money that's been announced already. The portion of the gas tax that's coming through doesn't come until October and it's spread over a number of years. This is a big concern to our members.

The Chair: Thank you for your presentation this morning. I want to remind the committee members that we are meeting this afternoon. Hearings will follow routine proceedings.

Mr Colle: Mr Chair, there's no heat. These are unsafe working conditions. Can we go to another room?

The Chair: Staff are continuing to look into this matter. If we move, we'll let members know. We're recessed until this afternoon.

The committee recessed from 1207 to 1546.

REGISTERED NURSES ASSOCIATION OF ONTARIO

The Chair: I ask our first presentation to come forward, the Registered Nurses Association of Ontario.

Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I ask you to identify yourselves for the purposes of Hansard.

Ms Doris Grinspun: My name is Doris Grinspun. I'm the executive director of the Registered Nurses Association of Ontario. My colleague Kim Jarvi is our senior policy and economics guy. We are very pleased to have this opportunity to present before the finance committee. We applaud the government for bringing the budget before public scrutiny at the finance committee. In fact, I need to tell you that this is the first time in the eight years I've been executive director of RNAO that I am aware there is such an opportunity, so thank you very much.

Tough choices: On May 18 the Liberal government was forced to choose among campaign promises that had become incompatible. The party had promised to rebuild social services but at the same time had made promises to not run a deficit or raise taxes. The campaign focus was on the first promise, and that is what Ontarians voted for.

The new government inherited a large budgetary deficit and an even larger social deficit, so it faced very difficult choices. Before the budget, RNAO called upon the government to recognize its inherited revenue problem and address it by rolling back some of the irresponsible tax cuts imposed by the previous government. RNAO also recognized that chronic deficits would not be prudent but urged the government not to rush into a balanced budget at the expense of rebuilding essential public services like health care.

The government conducted extensive public consultations—we had the pleasure of participating in some of those consultations—and it heard much the same thing from most stakeholders and the public. The choices were difficult but clear.

Rebuilding revenue and services—a good start: The 2004 budget represents a positive and substantial shift from previous budgets in tone. It identified the government's revenue problem and elected to raise taxes, while waiting until the fourth year of its mandate to balance the books. Importantly, the budget and budget speech suggest the government will change rigid legislation that renders rebuilding public services difficult or impossible; for example, the Balanced Budget Act and the Taxpayer Protection Act. RNAO is pleased with the shift in direction but has some recommendations on the size of the shift and how it should be accomplished.

Our concerns about revenue and spending: In the RNAO's view, the government has taken excessive heat for not keeping its promises on no tax hikes and balancing the budget. While the Liberals should not have made those election promises, as they were not consistent with the rebuilding promises, the only responsible action in the budget was to stick to those rebuilding promises. And we need to remember that we didn't know the extent of the budget deficit we inherited. This was what they heard repeatedly in their consultations, and this is what we said too.

Having said that, we do have a number of concerns about the budget as it appeared on May 18. Future

spending is not budgeted to keep pace with need. Program and capital spending will grow as a share of the GDP in the first year, from 13.1% to 13.5%. This is an important improvement, but the spending share remains far below the average of the 20 years before 1996, which was 14.9%. The current spending share is simply not enough to meet the responsibility of paying for health, education and all the other social programs we badly need in this province. Yet from 2005-06 to 2007-08, the budget proposes spending that badly lags need and GDP growth. Program and capital spending will drop to 12.2% of GDP, which is extraordinarily low in comparison with the past 20 years in Ontario, and is also extraordinarily low in comparison with the other provinces, in the range of a full six percentage points lower than the rest of Canada. RNAO favours raising spending back at least to historic levels, particularly in view of the current impoverishment of social programs.

Revenue measures must be more aggressive, in our view, and must meet future need. As noted above, spending will badly lag GDP growth, yet there will still be a deficit for three years, implying that the government is simply not planning on collecting enough revenue. There were two major revenue measures in the May 18 budget. The biggest was not a revenue measure at all, but a withdrawal of a subsidy to Hydro consumers that will save the government \$3.9 billion. The other major change was the proposed Ontario health premium, which is really a tax. As proposed, it is a very regressive tax, in our view, disproportionately bearing on low- and middle-income people; for example, at \$25,000 income the amount paid would be 1.2% of income, while at \$500,000 it would be 0.18%.

RNAO favours rolling back past corporate and personal income tax cuts, as this would be much fairer, and we expressed that in the pre-budget consultations. Tax cuts from previous governments now cost the provincial treasury \$13.5 billion annually—\$3 billion corporate and \$10.5 billion on personal income taxes—a figure that dwarfs any current deficit. If rolled back, these recovered revenues would pay to cover much of the huge social and infrastructure gap that emerged in the past nine years in Ontario. By themselves, the two revenue measures in the budget will address current needs, but not the urgent need to raise more revenue to sustain rebuilding of public services.

If we proceed to raise revenue via the health premium, then we're asking that it be structured to be at least as progressive as our present income tax system. That is to say, it should have many more steps, rise more than proportionately with income, and have no cap. The exemption for very low-income people does enhance progressivity, but as currently proposed, the tax is very regressive for incomes over \$20,000.

Expenditure items: Reflecting the spending restraints that prevent meeting all needs, there were ministries that received some increased funding and those whose budgets were either frozen or reduced. Observers have called this a health and education budget, and that is

where the bulk of the new spending has gone. Total spending is slated to rise 6.9%, with health care rising 7.6%—or much less if one counts last year's SARS expenditures—training, colleges and universities rising 7.6%, and education 8.9%.

RNAO applauds the steps to improve circumstances for nurses. We are delighted that this budget provides vital, earmarked funding for full-time RN employment, an essential investment for keeping RNs in Ontario, the most important, in our view, of most investments in nursing. We will work with the government to ensure that its commitment to nurses continues on track.

Steps to reduce wait times are also welcome. The renewed focus on primary and community-based care is good, as are steps to address promotion and prevention, but we encourage an even more ambitious agenda. We are troubled by the delisting of essential services. For example, while physiotherapy has become increasingly difficult to get under OHIP, it remains essential to restoring function that has been lost due to illness or injury. Those who lack adequate private insurance for physiotherapy will increasingly be forced to live with a disability that is entirely curable. In fact, in front of this committee in the past during the public hearings we called it "rehab"—the secret and silent privatization of rehabilitation.

The government has taken another important step: multi-year funding for hospitals, which is absolutely essential for planning and investment.

RNAO also welcomes, as does the mental health community, the absolutely excellent investments in mental health services that will serve an additional 78,600 patients per year by 2007-08. Indeed, mental health services had received no increases in funding for the past nine years.

In primary and secondary education, positive steps, including a cap of 20 students per class and funding for 1,000 new teachers in 2005-06, are welcome. Critics state that the budget delivers \$1.5 billion less than recommended in the Rozanski report. RNAO was unable to find explicit commitment to a healthy schools approach as we have requested before, and as recommended by the Ontario Healthy Schools Coalition. We hope that positive details will emerge as details on the budget emerge.

In post-secondary education, spending will rise by 12% over four years, which will do little to catch up on lagging funding. Former Premier Bob Rae will do a review, and we hope that funding will be there to meet identified needs.

Other ministries: The budget offers helpful investments in some areas.

For example, municipalities will benefit from a phased-in transfer of two cents per litre in the gas tax for public transit. We applaud this investment.

Infrastructure spending is up, but only by \$400 million, and \$75 million below the average of the nine Conservative budgets. Ontarians must be vigilant about capital projects, as we still hear government weighing options on public-private partnerships. These so-called

P3s are horrifically expensive for borrowing money, whose only advantage, in our view, seems to be political gain. They relabelled borrowing as "leases" so that the capital expenditure disappears from the government's immediate bottom line. As you know, we do not support moving forward with P3 hospitals.

Seniors will benefit from an enhancement of the property tax credit, greater funding for long-term-care facilities and affordable housing for seniors. This is indeed

very good news.

The poor received slight acknowledgement in the budget. For the first time in over a decade social assistance rates rose, but only by 3%, after having fallen 35% in real terms since 1993.

Housing was, in our view, a serious disappointment. RNAO and housing advocates are disappointed with the housing allocation, which offered a small fraction of the \$1 billion that advocates were seeking for affordable housing, rent supplements and and housing rehabilitation. The budget gave \$2 million more for homelessness prevention programs, an unknown portion of \$5 million for women's emergency shelters and domiciliary hostels, only \$13.4 million for affordable housing, no new funding that we could see for rent supplements, no new funding that we could see for supportive housing, and no new funding for land for affordable housing.

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Summing up: The government has definitely taken a welcome new course from the previous government. RNAO applauds the halt of the decline in social programs. The recognition of the revenue problem is very important. We applaud the decision to raise taxes and to not rush to balance the budget in the first year. It appears that the government will change the legislation that blocks reinvestment in public services, and this is good news.

The budget, in year one, does take a significant first step in the direction of rebuilding public services, but then, in our view, reverses itself in subsequent years. Those who want to recover these social services must press the government to maintain the momentum of the first year. If government spending does not recover a reasonable share of the GDP—14.9% was the average in the past for capital and operating spending—the public sector will lack the stability and vibrancy which are so necessary to deliver essential services on a timely basis.

Rebuilding Ontario will also depend upon an adequate and equitably raised revenue base. We very much encourage the government to seriously consider rolling back some of the, in our view, irresponsible tax cuts of the previous government—enough to cover the above costs. If proceeding with the health premium, we urge the government to restructure it to ensure that it is progressive, as is the current income tax system, with no cap.

Given the level of spending, we as nurses can be encouraged that the budget seems to be responding well to our urgent needs. We will continue to monitor and work closely with employers and with government to

ensure that all commitments to nursing, and therefore to patients, are fully realized. Ontarians will indeed be the real winners of this move.

The partial recovery of spending still leaves many sectors underfunded. In particular, the needs of the poor continue to be sadly neglected, something that is unacceptable in such a wealthy society. While we argue that healthy public policy dictates attending to key determinants of health such as income distribution and housing, simple human decency dictates that we rectify the situation as soon as possible. This raises the urgency of recovering more revenue and committing to a bold vision for a truly just society.

Thank you. We will be happy to respond to questions.

The Chair: Thank you for your presentation. We only have time for one question, about two minutes, and we will begin with the official opposition.

Mr O'Toole: I apologize; I wasn't here. I do have duty on the estimates committee. But I listened carefully to your last summation remarks, Ms Grinspun, and I've always appreciated the work and the voice that you bring to nursing in Ontario.

I would first say that I fully respect that the work you did when we were in government contributed largely to many of the investments, whether nursing strategy or other commitments, the nursing task force with Elizabeth Witmer. That should be part of the record. There was an addition, I believe, of over 6,000 nursing positions created. It's not there, but I believe the relationship you're working with here is important. They're now the government and they have made significant commitments to front-line nursing, which I would support.

I guess my question would be in a broader sense. The history in health care has been a challenge, whether it's mental health or nursing or doctors' OHIP fees. It's \$10 billion or \$11 billion of increased funding. Will the \$2.2 billion committed to in this budget be enough to resolve the four cost drivers: nursing settlements, the OHIP settlement, the drug incremental fee and the hospital operating budget? I believe they're short by about \$800 million.

Ms Grinspun: I believe—and let me, yes, recognize Ms Witmer on the investments after we had serious challenges, as you are aware, from 1996 to 1999, her advocacy and role in moving the nursing agenda.

What is different, though, with this government—and as you know, we argued for it vigorously, myself included, with the previous government—is the move to full-time positions in nursing. There is no one more important agenda to resolve the nursing shortage than to move with the agenda of full-time employment for registered nurses in this province. Those are the nurses who are leaving this province, and they are leaving this province only because they cannot find full-time work. Hence, why the commitments to nursing in this specific budget are so important.

I believe that if revenues are insufficient, we should look at other ways of increasing revenues. We said in the pre-budget consultations, and we are saying it again, that

we truly believe we need to roll back previous tax cut commitments to increase those revenues. Therefore, we are asking that we be cautious in years 2, 3 and 4, because this is a four-year budget, and if revenues are insufficient, that we actually raise the revenues rather than creating an even bigger social deficit in this province. It's time to build. This is what Ontarians wanted, this is what nurses want, and we are prepared to pay our

The Chair: Thank you for your presentation this afternoon.

CANADIAN MENTAL HEALTH ASSOCIATION, ONTARIO DIVISION

The Chair: I would call on the Canadian Mental Health Association, Ontario division, to please come forward. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you wish, and I would ask you to identify yourselves for the purposes of our recording Hansard.

Dr Barbara Everett: Good afternoon. My name is Barbara Everett. I am the chief executive officer of the Canadian Mental Health Association for Ontario, I'm accompanied by Patti Bregman, who is our director of government relations. Our board president, Neil McGregor, is unable to attend.

I congratulate you on the Arctic atmosphere in here. It's astounding.

Interjection: We call it fresh.

Dr Everett: No. It's cold. Something has gone wrong. On behalf of the people with mental illness and their families, we are here today to say thank you for the multi-year commitment this government has made to their well-being in its recent budget and again in Mr Smitherman's announcement yesterday. In a world of competing interests and one where it is a public perception that it's impossible to be too healthy, the allocation of health funding will always be a painful process of priority setting.

Ours is a service sector specifically founded and funded on the principle of getting people out of hospitals or jails and keeping them out. While it's obvious to all that no one wants to be in a hospital, let alone a jail, an additional factor is that we protect these very expensive and scarce resources.

An additional contribution of your commitment to people with mental illness is the leadership you've shown in speaking up and speaking out. People can no longer hide in the shadows without help and without hope. Each member here knows somebody with a mental illness, and certainly this is a government where their family members are going to be telling them they're proud of them for standing up and making a commitment.

Accountability is a message that we've heard loud and clear, and we completely agree that the taxpayers of this province are entitled to know that their money is being well spent. Yesterday the minister announced funding for a 24 by 7 on-line telephone-enabled service registry. It's been languishing in the planning stages, if my memory serves me, for at least four or five years. One of its functions is data gathering so that we can measure who goes where, what happens to them and whether it helped or not, a simple and, I might add, cheap solution, but an incredibly powerful message directed squarely at accountability.

We would like to reiterate RNAO's comments on the need for housing for our most vulnerable. This is the first step in recovery for people with mental illness, because you obviously can't take care of yourself while you're on the street and you don't know where your next meal is coming from. So this remains extremely important to us, and we look forward to new commitments in that area.

Contrary to my usual visit to this committee, where I rail against you for not funding us, I'm here to say thanks this time, and it feels really good.

I think Patti has some comments on something else. 1610

Ms Patti Bregman: I have a couple of comments. One is, as I'm reading through this—we did this, obviously, with about 12 hours' notice. We'll replace this draft, because I think it actually seems to have been stapled wrong. So we will send you an updated copy.

I wanted to say a couple of things, following Dr Everett. We're quite struck by the fact this government has chosen to address what we call the deficit of hope. Coming into the pre-budget consultation, we asked you to pay attention not only to the budget deficit but to the deficit of hope that faces people with mental illness, their family members, friends, employers and others, who have watched for 12 years as the services they needed were dwindling away, as they ran into crisis with the police, with the emergency rooms.

Also, I wanted to congratulate you for recognizing and I think the minister said this a couple of times yesterday—that this is also an economically sound investment. It costs less to treat people in the community. We know from the data that you can treat people effectively in the community. If you look at page 3 of our brief, where we talk about sound investments, it costs \$95.89 a day to support a person with a mental illness in the community: it costs you \$486 a day in a hospital. When you look at the addiction and substance abuse services, which have also been cut back, it costs over \$170,000 a year to keep somebody in the hospital for withdrawal problems and under \$40,000 to treat them in the community. So this is a good investment for people. It's also good for business, which spends more than \$14 billion a year dealing with people with mental illness who cannot get treatment.

I think to the extent that the minister's announcement addressed early intervention, crisis services, there are many happy families. I was at York region last night talking to the mothers of two young men who committed suicide. Twenty-four per cent of young people between the ages of 16 and 24 who die commit suicide, and early intervention services will hopefully be able to address that. That's part of this government's announcement.

The part that I actually was going to comment on is the more technical piece. As a lawyer, I tend to look at the legislation. There is one piece of the budget act that we would like to address, and that's the amendments to the Ontario Drug Benefit Act. I think everybody recognizes that the drugs for people's mental illness are essential. People with mental illness live in poverty, their incomes are low, there's a very high rate of unemployment, so if they are not able to access drugs through the drug benefit program, they will not get the drugs at all

The change that you're making—and it's not the change itself, but I think how it's implemented that we need to address—is to allow the minister to delist services based on public interest. I think it's section 18 of the bill. I think that's reasonable. You can already delist drugs based on public interest.

I think what we would like is a commitment from the government, and I will talk to the legal counsel about amendments, that would actually make sure that when you're taking into account what the public interest means, you look not only at cost, you look not only at effectiveness and does it lead to the same result, but you look at whether or not people are going to be willing to take the alternative. There are a number of side effects in any medication, and for people's mental illness, it appears that the side effects are often what stops them from taking the drugs. I think it would be doing a disservice to people's mental illness if you delist a drug that may be more expensive but is easier to take. Because I think in the long run, the cost will be much higher.

So just to reiterate what Dr Everett said, I think you deserve a lot of credit. Governments make a lot of promises and governments will always break promises, and that is true of every government of every party, but I think for people with mental illness and their families, we're used to being the first promise that sort of goes to the bottom of the pile. I know Ms Wynne saw me appearing on Bill 8, and I have to say we would also like to commend the government and the opposition parties for their support of Bill 8, in adding amendments to the preamble recognizing mental illness. But we're always the last one, we're always the next group to be funded, and so I think you deserve a lot of credit for making us one of the first and not the last. So thank you.

Dr Everett: Any questions?

The Chair: We have about three minutes per caucus. We'll begin with the NDP.

Mr Prue: Much of what you have to say about the government is laudatory, and I probably would concur, at least inasmuch as it's better than you had before. But I have to tell you, I was very disappointed with the budget in housing. There was only \$18 million for housing, of which only \$13 million was new money. It builds about 300 units. We have 75,000 families in Toronto and we have so many people needing supportive housing. Could you comment on that? That's what I think is the single biggest determinant of mental health: good housing. It's not there, and yet you applaud them.

Dr Everett: We agree. For what it is that we're saying thanks, it's accurate and it's fair, but the housing portion,

we agree, was inadequate. I understand there are 18,000 vacant units in this city. If we could fill those up with people who need housing, we wouldn't have the problem that we do. There is no question that housing is first among equals, so believe me, we're not going to give up on making our point, and making our point repeatedly on that subject.

Mr Prue: OK, but should the government have

included this in the budget?

Dr Everett: There is a mention of it. Hopefully it won't be forgotten as time goes forward. Certainly it would have been absolute top of our wish list that it had been there. It was part of our three priorities that we had continued to put forward, but we didn't see it. You're quite right that it is disappointing.

Mr Prue: The second thing: You talked about disadvantaged people and the poor. Although a 3% increase is better than nothing to those on welfare and ODSP—welfare people had a 35% hit over the last 13 years and ODSP had a 13% or 14% hit—this seems like pretty

small potatoes.

Dr Everett: It's true. We will always refer to it as a good first step. We hope to see that there are additional steps in that particular area. As we are always saying, the measure of a society is how it treats its vulnerable people, and people are starving in one of the richest provinces in this country.

Mr Prue: As I put it in one speech, this was akin to a 3% increase to welfare. At \$530 for a single person, it was probably half of one trip to the food bank less per month, although I doubted even that would occur.

Dr Everett: That wouldn't be where it would go, that's for sure.

Mr Prue: No.

Dr Everett: It's the people who are on subsistence that are putting it into their rent. There's, of course, the clear possibility that every landlord across this province just raised their rent by 3%. So it's very difficult.

Mr Prue: Do I still have more time? No? OK. The Chair: We'll move to the government.

Ms Wynne: Thank you very much for coming today. Indeed, I have heard your comments on other bills, so I know that there are a number of moves that you needed to see. I wanted to ask you if you could make a connection. In your presentation on page 4, in the primary care section, you talk about community health centres. You know that community health centres are one of the models that we're really supporting and have put money in the budget for. Can you make the link between mental health in the community and the need for more community health centres, or how they address that need?

Dr Everett: Certainly. Community health centres are particularly kind to our population. In fact, we're established on serving populations that couldn't find health care in other areas. They often are located in areas where there are high concentrations of vulnerable populations. We've always been great friends of the community health centres.

While we saw a \$14-million investment in beefing up the budgets of those existing CHCs, we would be very, very interested in seeing expansion of the system. For example, the Canadian Mental Health Association in Windsor has had a proposal for a CHC in to successive governments, for probably eight years at this point in time. Still it languishes. They have two NPs providing primary care, which is a new model for us, where the primary care is actually provided in the mental health agency backed up by a family doctor. They're serving over 1,000 people, if you can imagine it. With people who have not had access to primary care, they find undiagnosed cancers and urinary tract infections that are intimately related to the onset of psychosis, all sorts of issues regarding people with mental illness not having physical health care.

1620

Ms Wynne: Do you think having community health centres distributed more equitably around the province, going into your expansion—and that is one of the things that we're looking at—will help people with mental health problems then get care in their communities? Because there's a migration to the urban centres, right?

Dr Everett: Yes.

Ms Wynne: Is that a link that you're—

Dr Everett: No, we would support that 100%. We see it as a valuable model. It's not only people with mental illness, but it's a lot of other vulnerable populations that aren't able to get easy access to primary care. I can only laud the work of the community health centres. We support them.

Ms Wynne: I think Ms Mitchell had—

The Chair: We have less than half a minute. If you can be quick.

Mrs Mitchell: OK, it'll be very quick. I too was at the presentations for Bill 8, and I thank you for the support of our budget. I just want to give you the opportunity, and I'll talk quickly, to expand on your concerns with

regard to the drug plan.

Ms Bregman: What tends to happen when they look at delisting is it's all about money. I worked at the Ministry of Health at one point, actually, on some of this. So the concern is that if you have a range of very effective drugs that may, for example, reduce the symptoms of an illness, but one has a lot of side effects that mean you don't want to take the drug and one doesn't, the drug plans that look solely at money tend to cut out the ones that don't have a lot of side effects because they say, "Well, take the one that has a lot of side effects first." I know the concern is that at times, if people are forced to take a drug that has side effects, they're not going to be very happy about taking the drug that doesn't.

So I think our concern is just to make sure there's a process in place that looks at more than money, that looks at whether there are other factors that make a particular drug a better drug. It may be money but, for example, if you've got somebody taking a drug that's not as effective and they're non-compliant, the end cost may be higher, but the actual drug cost won't be. So I think we're just asking for some guidelines and care in that.

The Chair: We'll move to the official opposition.

Mr O'Toole: Thank you very much for your presentation. There is always more need. We had the privilege of opening a Canadian mental health facility in Oshawa. Doctor, you were there, and I appreciate that. Of course, it comes down to operating funding. Driving it into the community is a longer strategy tied to the divestment of the institutions, which is not complete. I think there's a huge amount to be done there in terms of the Whitby mental health centre, and certainly the central-east region needs to have those commitments in the broader sense.

Now, moving those people with special needs into the community—and I recognize that you used the cost per bed in hospital of \$486; actually, the number that the ministry itself uses is about \$580. It's a dispute that they need the services in the community first. I think the announcement yesterday is the right move because we see it, each of us, in our communities.

I also take note and do agree with the point you're making with respect to section 14 and the delisting. In fact, it was brought up by the NDP for the same reasons. Some medications, perhaps the generic or less expensive variety—who do you think is in the best position to make that decision of listing and delisting? Isn't it the health provider who would be making that decision? And what instructions would you like to see changed? The generic groups sent us a memo that it's a savings of \$30 million a year as a rough estimate, just on that delisting and using generic. Who should make the decision? Because Cam Jackson's dealing with it in cancer right now. It's a huge palliative care kind of issue. I would just put that one question to you. Is it the health care provider? In community mental health, many of them are nurse practitioners, in my riding. They can actually prescribe medications, the nurse practitioner extended class.

Dr Everett: I think you're right. The health care provider has to have a lot of say in those sorts of things, but I would really like to see consultation with the people who actually take the medication and their families, because they often have very valuable information that doesn't come out through the health provider's lens of seeing things. So I'd like a balance.

Mr O'Toole: I hear that schizophrenia-

The Chair: Thank you for your presentation this afternoon.

Mr O'Toole: They seemed to have longer than us. Have we been truncated?

The Chair: No, you took almost three minutes to ask your question, Mr O'Toole.

PEOPLE FOR THE ETHICAL TREATMENT OF TAXPAYERS

The Chair: I would call on the People for the Ethical Treatment of Taxpayers to come forward, please. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to identify yourself for the purposes of our recording Hansard. You may begin.

Mr Mike Patton: Thank you, Mr Chair. My name is Mike Patton. I am the official spokesperson for People for the Ethical Treatment of Taxpayers, which is an Ottawa-based community organization which really began this year. I'd like to thank the committee, first of all, for its time and the process that my appearance represents.

People for the Ethical Treatment of Taxpayers had its genesis in this year's city of Ottawa municipal budget. While one city councillor in Ottawa ran on a promise to raise municipal taxes and was re-elected, most of the incumbents, elected rookie councillors and the mayor promised to hold the line and not increase taxes at all. In the first budget following the municipal election, taxes were raised substantially. Many in Ottawa were stunned that a group of politicians could so cavalierly promise one thing, then do another.

While there was initial skepticism when the Ontario Liberal Party and leader Dalton McGuinty repeatedly promised, "I won't cut your taxes, but I won't raise them either," Ontarians were prepared to give him the benefit of the doubt. Ontario voters were given further comfort that there would be no tax increase based on the Ontario Taxpayer Protection Act, which mandated a province-wide referendum before any tax increase, as well as the large production that was made of leader Dalton McGuinty signing the Canadian Taxpayers Federation pledge.

Ontario voters quickly became concerned when they did not feel that the promises in general made during the election by the Liberals were transferring into action. When the government made substantial tax increases in the budget without a perceptible effort to find savings, voters in Ontario who supported the Liberal Party were left feeling like suckers.

I'm not here today to debate the necessity of the tax increase or to speculate on whether there is or is not an inherited or manufactured deficit. My point is simple: Democracy is an act of faith. Leaving people feeling foolish for involving themselves in the political process is toxic. If people's faith in the political process is sufficiently damaged, they will opt out of the process.

Let's not kid ourselves. This is not the first time a politician has promised to do one thing and then done something else. So why are these promises unfulfilled by this government different from all those other promises unfulfilled by all those other governments? The difference is twofold. Ontario voters in 2003 considered themselves to be very sophisticated and they felt they had done due diligence on the packages of all three of the major political parties. You can't be fooled if you don't believe. Secondly, the Ontario Liberal Party clearly set out a process they would follow, should they be required to raise taxes.

People for the Ethical Treatment of Taxpayers believes we have reached a tipping point in Ontario. How can Ontario voters reasonably trust any politician of any stripe to actually act on their election promises? How can Ontario voters compare one candidate to another if neither can be trusted?

So what is to be done? It's pretty simple. If you tell the citizens of Ontario the truth and trust them, they will support you. If, as claimed by the government, they had no choice but to increase taxes, the government should make the case to the citizens of Ontario and put it to a vote. The citizens of Ontario will support good and responsible government and are prepared to pay for it.

Second, define what you mean by health care. The Liberal Party of Ontario has been running ads featuring the Premier saying that every cent of the health levy will go to health care spending. Reports this morning suggest that the definition of health care includes infrastructure projects such as water and sewage, and measures to reduce pollution and increase fitness. These are all worthy goals, but not what the average citizen in Ontario equates with health care.

Voters and citizens in Ontario are beginning to believe that this government has a secret agenda. Just tell the people of Ontario what you plan to do and have faith in the intelligence of the people of Ontario to support you. Thanks very much, Mr Chair.

The Chair: There has been a request. If you don't mind, members have asked that they could photocopy your presentation for their own reading. If you care to leave that, the clerk—

Mr Patton: Certainly. I wasn't planning on that, but I can do that, sure.

The Chair: The clerk can take care of that, if you don't mind. With that said, we have about five minutes per caucus and we'll begin with the government.

Mr Colle: Just a question. Thank you very much, Mr Patton, for your presentation. You mentioned that your genesis came about in the battle for trying to control tax in the city of Ottawa.

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Mr Patton: It wasn't really in the battle. It was the surprise that, after the overwhelming majority of council had run on a platform saying that none of them would vote for tax increases, a fairly large tax increase came about, and that's what really prompted people to action.

Mr Colle: What was the final tax increase in the city of Ottawa?

Mr Patton: Now we're getting into the politics of the situation. It depends on who you ask. City council will say 3.9%. They've added another percentage point since then, which makes it 4.9%. There was, I believe, a 6% non-tax increase the previous year, which only takes effect during this year. So approximately a little over 10%.

Mr Colle: As you know, we were involved a bit in trying to give them the flexibility to pass over some of the taxes to the industrial-commercial sectors so the residential wouldn't—that's why I asked that question. It was an attempt to try and let them deal with their issues.

The other thing is, how many people belong to your group?

Mr Patton: As I said, it's an Ottawa-based group of about 100 people. Since we went on-line with a Web page and have become active, I can't tell you exactly

how many people across the country have signed up, but it's about 100 people in Ottawa.

Mr Colle: OK. Are you a registered third party—

Mr Patton: For the purposes of the federal election, yes we are.

Mr Colle: What does that enable you to do? This is actually something new to me.

Mr Patton: What this enables us to do is spend money legally, should we choose, advocating a position during the federal election. Under the new federal elections act, if we were to advocate for or against an individual candidate or party and, in doing so, spent money—if we were to run radio ads, for example—we need to be able to declare that, and there are spending limits associated.

Mr Colle: How do you raise your money, just in general?

Mr Patton: Thus far, it has been internally from contributions of the members.

Mr Colle: Just people giving out of their pocket.

Mr Patton: Yes.

Mr Colle: One of the main points you made was that the real problem you expressed was not so much that, in some cases, governments have to raise money, but it was a problem with the commitment that there wasn't going to be an increase in taxes. That's what your real core problem is?

Mr Patton: Again, ironically enough, I have no problem with the city councillor in Ottawa who ran saying, "If you vote for me, I'll raise your taxes."

Mr Colle: Was that Alex Cullen?

Mr Patton: That's correct.

Mr Baird: They were NDP.

Mr Colle: How do I guess that? What did Peter Hume vote to do? I don't know.

Mr Patton: Peter Hume said, "We'll see." He was non-committal one way or another.

Mr Colle: But only Alex was definite.

Mr Patton: He was the only one who said, "We're going to need a tax increase," and he was returned quite soundly by his electorate.

My issue is simply this: You need to have faith in the voters of Ontario. They are prepared to pay for services. If you make the case to them, "Look, we need more money in order to provide the services that you so clearly want," they will support that, but because the pledge was made so clearly during the course of the election, to now not follow through with that looks very suspicious.

Mr Colle: By the way, when we went across the province with this committee, that's one of the things we heard repeatedly, that people didn't mind paying a bit more for services as long as essential services like health care, education and city infrastructure were fixed.

Mr Patton: I could get into a big discussion on programs and services that I personally think should be either cut or reduced, but that's not my point here today. My point here today is simply to say, "Look, the commitment was made," and there is an increasing sense, I think, among non-political people—with the exception of

myself, most of the members of this organization are not traditional political people. Many of them never even voted before and are shocked to sort of be introduced to the political process and see what it all entails.

Mr Colle: One last question: Have your members expressed any concern or outrage about the previous government right up until today still denying that there was a sizable deficit?

Mr Patton: Again, based on the newness of the organization, that was not an issue they've had to face. But the bottom line is that they're not arguing—their point with you is not whether the deficit is legitimate or not legitimate, who caused the deficit and how much more money is needed for health care or any other programs of the provincial government. The issue in this particular case is that they were told that if additional taxes would be required, they would be consulted prior to the implementation, and they don't feel that's been done.

The Chair: We'll move to the official opposition.

Mr Baird: Thank you very much for your presentation. In the bill that we're having public hearings on, Bill 83, there was some debate as to whether this was an Ontario health care premium or a tax. In the act, it calls it a new tax—directly out of the bill on page 13. Do your members view it as such?

Mr Patton: Seeing as they've been asked for additional funds by the government, they view that as a tax.

Mr Baird: Do you think there would be a better name for it than Ontario health premium? One of our members suggested we should call it the Dalton McGuinty broken promise tax.

Mr Patton: You might need an extra line on my paycheque to fit all of that in. The real problem here continues to be the fact that if these monies are required, they should be asked for. Ironically, I really believe that had the government run on a platform of saying, "We're going to have to raise their taxes," it wouldn't necessarily have impacted the election that much.

Mr Baird: There is an out, though. Under the law, the government can obey the law and raise taxes if they want; they just have to have a referendum. Why do you suppose they're not having a referendum?

Mr Patton: That's the real threat to democracy here, not just the fact that they're not physically going to hold the referendum, but just the suspicion that raises, that the increased tax is not legitimate, that there is no real requirement for it. Because if there were, they could quite simply make their case to Ontario voters. I believe that if a proper case were made, they would support it.

Mr Baird: It's interesting. In California 65% of referendums on tax increases actually pass. When the government or the Legislature goes to the public and says, "We want more money for X, here's how we propose to raise it," they can actually make a case. Frankly, on the morning of the budget, before I went into the lock-up, I actually thought there might be—I wasn't certain—a referendum. I actually went to my caucus and said, "What would our position be on this if that were the case?" We have a little press conference in the budget

lock-up itself, and I was surprised they didn't. Do you think there's anything that's changed since they signed that referendum commitment that would negate that?

Mr Patton: I don't think so. We've seen the impact already of the suspicion this has caused by looking at the change in the voting patterns that are coming up to the federal election.

I'm from Ottawa, and the overwhelming majority of the seats, with the exception of one rural one, have been Liberal for a long time. The way things stand right now—the polling I've seen over the last couple of days suggests there's just one safe Liberal seat in the whole city.

Mr Baird: Is this a topic of discussion? You said you're registered with Elections Canada. The Minister of Finance sat in the chair that you're in this morning and said that wherever he goes across the province people support this budget. Do you have people wherever you go supporting this budget?

Mr Patton: I don't. There are two separate issues. There's great concern about the budget in general, but the idea that the taxes were increased when they were promised not to be increased is a problem everywhere. Nobody understands how they can do that—from highly educated, older, experienced people to children. It's very difficult trying to explain to a 10 year-old how the provincial government can just ignore a law. They don't understand it.

Mr Baird: Maybe we should bring in character education in our schools so that children know not to lie.

Interjections.

The Chair: Order.

Mr Baird: I could have balanced the budget. I showed you how to do it. I showed you.

Interjections.

Mr Baird: You'll be interested in this. I read the estimates today. For every minister they've included their full salary. They've budgeted to pay them the full salary. They're not even going to take the salary cut, according to the estimates that were tabled today, which is very interesting.

Interjections.

The Chair: Order.

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Mr Baird: Do you know what I gave these guys? A 17-page document telling them exactly how they could balance the budget. They got \$1 billion from the feds. They didn't include that as—

Interjection.

Mr Baird: Not selling anything. In the end, they got \$1 billion they could have taken from revenue for health care that was fully paid and spent on health care last year. They got \$800 million more in economic growth than Erik Peters predicted. They spent \$3 billion in new spending in the last six months alone. In fact, if you read the Erik Peters report, he says there's a "projected" deficit, because the fiscal year was only half over. That was last year. Their spending is going up by \$10 billion.

Even if it was a \$5.6-billion deficit, they could have easily balanced the budget.

The Chair: Thank you, Mr Baird. Your time has expired. We'll move to the NDP. Mr Prue has the floor.

Mr Prue: A couple of questions. I was intrigued by the statement you made that if politicians tell the truth, the citizens will support them, and you give Mr Cullen as an example. I'll give you another one. The New Democratic Party said we were going to raise taxes by \$2 billion on those who could afford it, above \$100,000. We were going to cut the corporate welfare and raise about another \$1.5 billion, for \$3.5 billion. That's how we were going to fund our stuff. We lost party status. Do you think that politicians like Liberals weren't a little bit more successful playing both sides?

Mr Patton: This is one of the big concerns about taking this sort of approach to politics. I said that if politicians tell the truth, people will support them, but everybody has to tell the truth in order for that to work. If the NDP had formed a government in the last provincial election—I'm a big fan of democracy. I believe in it. I believe this government was legitimately elected. I hope it does well, and I support it. But if the NDP had won in the last provincial election and had implemented the programs that they said they would, I wouldn't be here. I personally might not like some of them, but that's not the issue. It would have been: "Here's what we're selling, and here's what we're delivering."

You don't go to a car dealership, order yourself a blue car, and then come back two weeks later when the car's delivered and find out it's a green car and have the dealer say, "Just drive it for four years, and then we'll get you the blue car you asked for." That's not the way it works. But there are blue cars, green cars, red cars and all sorts. People should be able to make a decision—an intelligent, informed decision.

Mr Prue: You talked about the Taxpayer Protection Act too. That act has probably had the stormiest relationship with politicians of any act I can think of. The people who put it in were the Conservatives, and they broke it. The Liberals voted for it, and then they broke it. This is an act that will probably never be followed by a politician. I put it very bluntly to you: It is an act that will never be followed. What should we do with this act?

Mr Patton: Well, then, get rid of it. A law that no one is going to abide by is a bad law, whether it applies to politicians or anyone else. But that was the law in place when people were making a decision during the election. I don't have the act in front of me and I'm not that conversant with it, but as I recall, if you run, as the NDP did, on raising taxes, then you don't have to go back to a referendum, because you've had your referendum and that's how you got elected. So if that is a law that is unworkable, remove it, but that is a law that voters in Ontario used to assist them in making their decision.

Mr Prue: You made another statement here today, which I'd like to explore a little bit. You find it passing strange that within the health care budget and the new radio ads—I think it's costing the Liberals \$100,000 to

say that every single penny raised from this new premium or this new tax is going to health care. Do you, as an average citizen, think that the building of sewers or waste water or sports or anything—I mean, they're all good things, as you said. Can you think of any of those things that you, as an average citizen, would classify as health care?

Mr Patton: This is another important issue. If you're going to say that infrastructure such as sewers, or for that matter, the white line in the middle of the road because it's going to keep people from ending up in the hospital, is there for health care, then that's fine. Say so. Define it as such. But the fact is that most people in Ontario, when they think about their health care system, they're not thinking about sewers. They're thinking about hospitals, doctors, MRIs, emergency rooms, ambulances and certainly traditional health care, their family doctor.

The Chair: Thank you for your presentation this afternoon.

I call on the Ontario Health Coalition. Is Pathways to Education in the room? Would you mind coming forward at this time and making your presentation?

PATHWAYS TO EDUCATION PROGRAM

The Chair: Thank you for accommodating the committee at this time. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so wish. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms Wendy Shaw: Good afternoon. My name is Wendy Shaw. I am a member of the development committee of the Pathways to Education Program. On my right is my colleague Marni Schecter-Taylor, who is the director of development and communication for the Pathways program.

I am here, as I said, as a member of the development committee, as a citizen of Toronto, a mother, and someone who cares deeply about education, to talk to you about this program. I hope that we can take these few minutes to address a very powerful community-based program that's going on in this city that is consistent with some of the initiatives the government is taking.

I want to start by saying that our program applauds this government for their announcement in response to Dr Rozanski's recommendations about the need for public and private partnerships in order to close the achievement gap.

Marni's giving out copies of the document. I'm sorry; I should have said that we had copies for everyone.

Dr Rozanski said that the burden of closing the achievement gap cannot fall solely on the shoulders of the government.

The McGuinty government knows that a commitment to closing the achievement gap extends beyond the economic and social benefits. Indeed, it is a moral imperative as well. Michael Fullan states that "reducing the gap between high and low performers ... is the key to system breakthroughs," and that "focusing on gap reduc-

tion is the moral responsibility of all educators" and that "reducing the gap in educational attainment is part and parcel of societal development in which greater social cohesion, developmental health and economic performance is at stake. Mobilizing the untapped moral purpose of the public in alliance with government and educators is one of the greatest advances to the cause that we could make."

We at the Pathways program also applaud the government for making changes to the funding formula and for their June 8 announcement that cited Allan King's study that 30% of high school kids will not graduate. The McGuinty government has made a down payment toward increased funding to support the success of the most atrisk students. The additions to the funding formula are very important, particularly the \$65-million increase, to \$162 million, for' the learning opportunities grant in support of increased literacy and numeracy.

Pathways to Education applauds the focus on reducing class sizes and more money for school boards, but it is important for the province to think beyond school-based approaches. First, risk factors are present in the community, and community-based approaches need to be given equal weight and support under a funding formula that hopes to fill the cracks through which these kids are falling. Second, school-based supports have, to this point, shown few demonstrable results, likely owing to the fact that the community-based factors have proven to have far greater impact on achievement than school-based factors.

To the best of our knowledge, not one penny of the \$17-billion provincial budget has as yet been allocated to community-based approaches to close the achievement gap and reduce the dropout rate. Numerous studies of federally sponsored youth programs in both Canada and the United States suggest that the cost of addressing the dropout problem after the fact are considerable and that the effectiveness of such programs is highly questionable. The lessons learned from the litany of previous attempts include that dropout prevention is both programmatically and cost-effective.

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In addition, the findings related to youth development amplify the need to consider the role of communities in student success. Specifically, evidence with respect to mentoring, academic support, recreation and related programs suggest that key risk factors are present in the community and, as a consequence, the likelihood of successful outcomes is increased when protective factors are created in our communities.

The success of the Pathways to Education Program in Regent Park is in its ability to harness community resources. The Pathways to Education Program stands as an example of a community-based approach explicitly designed to reduce the dropout rate and increase post-secondary access for youth in the most economically disadvantaged community in Toronto. The program has, over the past three years, shown clear and consistent results. Predicated on an understanding that the risk factors are largely in the community, the program is

comprehensive, accessible, demonstrably effective, costeffective and accountable. The minister's clear desire for demonstrable results is something we've integrated into who we are from the beginning.

I'd like to take a moment to talk to you about the results. Let me tell you what we've been able to achieve in Regent Park in the past three years:

Cut in half the proportion of students with the most serious attendance problems;

Cut in half the proportion of students with the most serious academic problems compared to previous youth from the community;

Significantly increased the proportion of students earning their English, science and math credits, and they have generally outperformed their peers at the same schools and in some cases significantly outperformed their peers;

Twenty-six of our grade 11 students received their first university course credit through the University of Toronto STEP program this year;

We have achieved in each of the three years of the program a 95% enrolment and re-enrolment rate of the eligible students;

Finally, we've mobilized over 18,000 volunteer hours this school year alone.

Pathways has achieved all of this because the private sector—and only the private sector—has supported the program: foundations, corporations and individuals. To keep Pathways alive and thriving and to continue galvanizing this model now desired by communities across the province, we have raised over \$3.8 million over the past three years. What's happening now? The private sector is saying, "And where is the government in all of this?"

On February 19, 2004, the Chair of Management Board enunciated the five priorities to be developed in the government's first term. In addition to the previously mentioned results, the Pathways to Education Program addresses all five. Let me explain.

The first, better student achievement, is obvious. The program can significantly increase the graduation rate. While other initiatives may also support the broader goal, Pathways may be the best, if not the only, initiative that has already demonstrated results the government is after for secondary school retention.

As well, we know of no Ministry of Education funding at the secondary level going to community-based approaches directly improving the likelihood of graduation for those most at risk. Tom Fleming's work for the C.D. Howe Institute, as well as numerous other sources such as the 2001 Pan Canadian Symposium on Children and Youth at Risk, co-sponsored by the Council of Ministers of Education and StatsCan, suggests that the risk factors contributing to the achievement gap are clearly in the community, not in the schools, and need to be addressed in the communities.

The second priority articulated—healthier Ontarians—is a direct result of our success with the first. Specifically, we know that the social determinants of health

makes absolutely clear that educational levels matter most when considering the factors affecting individual health and our overall expenditures.

As the educator Coleman noted, those with the lowest incomes are 50% more likely to be hospitalized than residents with higher incomes and use 49% more physicians' services. Other data relating to education, income and health outcomes could be provided, including the relationship between academic success and positive youth development and a reduction in risk behaviours, several of which are direct health effects of negative expectations and experiences. Suffice it to say that by increasing the educational and employment outcomes of our young people, Pathways to Education clearly contributes to this priority.

The third priority, better works for better jobs, is similarly a result of increased educational attainment. Perhaps more important, our results would suggest that the government will be able to reduce expenditures for youth employment programs which are both far more costly and far less effective than ensuring that our youth graduate high school and move to post-secondary programs. Fewer would need the provincially funded services of JobConnect, Literacy and Basic Skills, or the myriad of activities funded through the Federal Youth Employment Strategy—all of which target those 16 years of age or older and out of work and out of school, and cost over \$200 million annually.

Whether provincial or federal, these are ineffective and expensive ways to address after the fact what we can prevent by ensuring increased attainment while young people are still connected to secondary schools and to their communities. Our partnerships with U of T, York and others give Pathways youth an exposure to a world they could only dream of entering. The bursaries we provide will help make those dreams real. Most important, the culture of the community has begun to change from one of failure to one where we expect our youth to succeed, and indeed they expect it of themselves.

The quality of life identified in the fourth priority is a function of many factors, but the impact of the Pathways program on the community is undeniable. From the hopelessness that was felt prior to the program, the community is indeed changing. There are many reasons, but Pathways is among the most important. Of all the reasons to feel proud of changes in Regent Park, the youth themselves—without prompting—cited Pathways as their reason to feel things could be different. These responses were overwhelming and were part of the consultations conducted for the redevelopment by Toronto housing.

The program and the health centre are integral to the community-wide efforts of the School-Community Action Alliance in Regent Park, which brings agencies together, including the front-line youth workers from across agencies. We were the recipients of the first grant which supported the development of the Safe Walk Home program, which is now being sustained through grants from, among others, the Ontario Trillium Foundation.

Of course, we should note that Pathways to Education was honoured with the Chair's Award from OTF for "innovation, partnership, and community impact," and the community service award in 2003 of the Arthur Kroeger College of Public Affairs at Carleton University. The fact that over 95% of eligible youth and their parents participate in our program is yet other evidence for our impact.

Finally, the fifth priority, more active citizens, will be yet another benefit of our work. The importance of connectedness for youth cannot be overstated. The literature on youth engagement clearly demonstrates the importance of community support for increased academic achievement, and it is an important factor in further social engagement. The costs—both social and financial—of not ensuring greater success for our youth is considerable, amply demonstrated by the Rand Corporation model.

We applaud the treasurer and Premier McGuinty for the government's commitment to support programs and ideas that work, that might fall outside of the funding formula. We are heartened to see that the Learning to 18 strategy, for instance, is set to support community-based pilot programs like Pathways to Education.

But these monies are just a down payment. In order for us to give communities like Scarborough, Rexdale, Thunder Bay and Kitchener—who have asked us for an opportunity to replicate Pathways to Education—demonstrably effective, results-based, proven community-based models like ours, there must be some funding support from the government. When the government is visionary in harnessing, supporting and empowering innovative solutions that are emanating from the grassroots and seals this commitment with significant funding, we can move forward with saving hundreds of kids in Regent Park and thousands of kid across the province in similar communities.

The Chair: Thank you. We have about two minutes per caucus. We'll begin with the official opposition.

Mr O'Toole: Thank you very much for your presentation. I also want to thank you on behalf of the changes and the impact you've made on the students at risk that you've described. I also want to comment on the very powerful wording of your presentation. They are some very triggering words here. "Engaging the whole community" is an overused expression, but certainly Pathways seems to be building many partnerships in cooperation with the school system.

I guess in a general response, before asking a question: If we take the outcomes of the public school system today as acceptable, 30% of the people aren't receiving the supports they need, in the climate and method they need it.

You have a program here. Is there something this committee can do to get them to move forward on the Pathways program as part of the existing education funding? Or would there be a bit of a wrangle with the school boards, who are kind of replicating the current model, the 30%-failure model? What could we do? Cer-

tainly one former trustee here knows that the current system is pretty hard to work with.

Ms Wynne: Don't get me started.

Mr O'Toole: I'm not asking for your chatterbox here, but the fact is, having been a trustee for a similar time—

Ms Wynne: Then don't refer to me.

The Chair: Order.

Mr O'Toole: The point I was trying to make, though, is to try to get some envelope funding for a pilot like this, which is a non-traditional model using 18,000 volunteers, as you've said. What advice could you give the committee here, that may still be listening?

Ms Marni Schecter-Taylor: To date, we've had some very important and exciting dialogues with the Liberal government. We've found them very willing to talk about community-based initiatives like ours. It took us five years to put together a business plan for our little program in Regent Park, so we're willing to be patient while the Liberals operationalize this part of the budget and try to figure out where that Learning to 18 strategy money is going.

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To answer the previous question, I don't believe the Pathways to Education Program model is overlapping anything that already exists in the schools. We provide a comprehensive blend of four supports: academic, social, financial and advocacy. Maybe one or two of those supports exist in the schools. I'm not sure that our existing in tandem isn't necessarily a good thing. The school board should continue doing what it's doing, and it does it well. Our expertise is at the community and the grassroots level.

To answer your question about how this committee can push—I think you used the word "push"—

Mr O'Toole: Encourage.

Ms Schecter-Taylor:—encourage the government to make some sort of funding decision, I'll leave you with a couple of simple facts. We've raised \$3.8 million to keep this program alive and support 630 at-risk young people and their families this past three years. Not only has it been exhausting, but the private sector is exhausted. Our major donors, our major stakeholders, the families, are asking us where the government is in all of this.

We would like to be able to move forward with this program, replicating it in the communities my colleague cited. We in fact had a contingent in the health centre not a week ago from South Africa, wanting to know what we were doing with the Pathways to Education Program. The long and short answer is that we need a public-private partnership, and we need it soon.

Ms Shaw: Give us some sustainable operational funding and we can fundraise the rest.

The Chair: Thank you. We'll move to the NDP.

Mr Prue: A few questions. First of all, are you a forprofit or not-for-profit organization?

Ms Schecter-Taylor: We're not-for-profit.

Mr Prue: You said you've had dialogues with the government of Ontario. Are they recent dialogues or did you have them with the former government as well?

Ms Schecter-Taylor: We had them with the former government as well.

Mr Prue: I take it that with the former government, that bore no fruit.

Ms Schecter-Taylor: We were getting very close to coming to some sort of understanding when an election was called.

Mr Prue: In the seven or eight months since then, where would you say you are today?

Ms Schecter-Taylor: I would say that the Premier's office is very supportive of this program as a demonstration project and a pilot project and understands the importance and implications of replicating it across the province, I would say that the Minister of Health understands the health implications of this program, and I would say that Minister Sorbara is supportive of this program.

We are now in conversation with the Ministry of Education to talk about where funding for Pathways might fall, as a demonstration project and a replicable project in the grand scheme of things in the plan in the budget.

Mr Prue: First of all, I should tell you that I am myself a boy from Regent Park. There was nothing like this at all. In fact, I don't think anybody from my grade 8 class finished grade 12 except me.

I guess I'm a little perplexed about why you think you should be dealing with the Ministry of Education. It seems to me that this is a program that does things that families should do and don't. It does things that government should do, in terms of getting more money so the kids have an opportunity to go to school and learn, giving them a role model. I'm not sure it fits into education as much as perhaps community and social services.

Ms Schecter-Taylor: This has been our challenge for the past several months. It is actually an interministerial opportunity. We are listening to the advice of those who know better than we do about where we should go to ask and keep ourselves alive and sustainable so we can replicate this program.

Ms Shaw: We fall cleanly in no ministry. That's the

If I might address one thing you said about things parents should be doing and are not, this is, you know, the most economically disadvantaged, lowest-censustrack income in the country. It's highly overrepresenting refugees who haven't English, single-parent families. They simply have not the resources to support these kids to get through. They're not familiar with the system. Many of them don't have the language. So it's really not a question of these residents choosing whether or not they will support their children; they don't know how.

Mr David Orazietti (Sault Ste Marie): Thank you very much for your presentation today. I see you started off by recognizing the contributions and the steps that our government has taken to support reinvestment in education. We very much respect that. We have been working hard to give education its due and the investment it needs. It has obviously been underfunded for many years now. We will be exceeding the investment that Rozanski

had recommended in his report. You should be aware of that

I just have a couple of brief questions for you. Being someone who has spent 10 years in education myself in the classroom and as part of the cabinet education committee, we take these comments you've got here very seriously with respect to the number of students not finishing high school education and having the skills they need to go on into the communities. Can you elaborate a little more specifically perhaps on the types of programs that you deliver and how you're able to have the successes that you're indicating or highlighting here with respect to improving test scores and reducing attendance problems?

Ms Schecter-Taylor: Oh, that's a long conversation. The program was researched extensively for five, six years before it was ever rolled out. We did a lot of best practices research and we did quite a bit of research from the community itself. The Pathways to Education Program model comprises four supports. There's academic support; we provide tutoring four nights a week in five core subjects. There's social support; we provide group mentoring and specialty mentoring to the older kids. There are financial supports in the form of TTC tickets, which the kids earn through attendance at school, and bursaries that we provide to them when they graduate, the cheque being written to the institution, not to the child. Last but not least, there's advocacy support, which means that we have devised a staff role called a studentparent support worker who can advocate for the kids in the 34 high schools that our kids are scattered to when they leave public school, because there's no local high school in Regent Park.

Within each of these four supports is a program unto itself. There are controls, accountabilities, communications that create, in a sense, a safety net through which our kids can't fall. I could go on for days about each one of those four supports. I guess what I'd rather say is that the guiding principle behind the creation of this program and how we roll it out, and its integrity, is that we decided a long time ago that in order to have an impact on the community rather than just on an individual child or one family, it had to be everybody's kids or nobody's kids, so we are one of the only programs in North America who support all of the kids from the community. Eligibility is linked to geography only, so come September 2004 we will have 630 young people in this program.

The Chair: Thank you for your presentation this afternoon.

Ms Wynne: As the next presenters come up, I just want to apologize to the presenters and to the committee for my outburst in reaction to what was said across the floor. As a public school trustee, I am painfully aware of the state of education when I came into office. Thank you, and I apologize for that.

ONTARIO HEALTH COALITION

The Chair: Ontario Health Coalition, would you please come forward? Good afternoon. You have 20

minutes for your presentation. You may leave time for questioning within that 20 minutes if you wish, and I would ask you to identify yourself for the purposes of Hansard.

Ms Natalie Mehra: My name is Natalie Mehra. I'm the provincial coordinator of the Ontario Health Coalition. We have provided just a very basic summary of a few key issues. We actually had exactly 24 hours' notice of our appearance today, so we haven't had time to put together anything bigger than that.

So very quickly, we want to note and recognize with some appreciation the investments in the budget in the health care system, including the money for hospitals, for home care and long-term care, for public health, for more nurses and doctors. This is important and we have recognized that publicly.

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But we also want to draw attention to a few key areas of concern. I guess the place to start would be with the delisting. It's quite obvious that delisting and attacks on the universality and comprehensiveness of the health care system are a false economy, replacing progressive taxation with regressive and inefficient out-of-pocket costs, which are simply another form of taxation. After the recent years of the Conservative government, Ontarians now actually have the highest out-of-pocket costs of anyone in the country, an average of \$1,072 per person per year, much of that made up by the cost of drugs. However, the delisting of optometry, chiropractic and physiotherapy services will increase this out-of-pocket burden for Ontarians and reduce access to services that promote health and prevent illness, and we urge you to rethink that.

We also believe strongly that funding for health care can't just come from anywhere, that it should be levied on a progressive basis. Health premiums are known across the country as actually being tied to the provision of health services. Whether they actually are or not, they certainly are in the minds of people, and tied to access. As such, we view the government's use of this term as unfortunate, to say the least. But it's clear from the budget announcement that the government hasn't actually put in health premiums as we've come to understand them. You have instead put in a surtax. While we absolutely support the increase of taxes—I want to make this clear—as a means to pay for a social good such as health care, we believe that this funding should be levied on a progressive basis. The increases that you have proposed are in fact a more regressive choice than was necessary to make, and again we urge you to rethink that.

We're also concerned that Ontarians are extremely confused about whether this is a health premium or a tax, how it works. We've received a flood of e-mails and phone calls and letters to our office asking us how much people will have to pay and if people lose services if they don't pay. People are enormously confused about this, and that needs to be cleared up.

Given that the public reaction has not been very good for this, we think it's absolutely imperative at this point that the government actually ensure that the money that is being raised is not wasted. To that end, we urge you again to revisit your decision to move forward with P3 hospitals in Brampton and Ottawa. It's clear now, from information that has been revealed from the William Osler Health Centre, that the Brampton hospital is going to cost more in terms of borrowing costs than building that hospital in the public system. If you use this method to build all the necessary hospitals across Ontario, we will cut seriously into clinical services for patients in the province, so we urge you to rethink your direction on P3s, not just on hospitals but also on the privatization of other services.

So while we applaud your decision to increase funding for long-term care, for home care etc, we urge you also to reconsider the privatization of the home care system. Research shows that the publicization or stopping the forprofit corporations' takeover of the home care system would save, at minimum, a quarter of a billion dollars a year that could be plowed into patient care, and we believe that that's important.

We also urge you to ensure that home care services that you refer to not only cover post-acute care but also services for the frail elderly at home.

Home care services: We also want to ensure that when you define home care services—and again, we applaud your re-funding of the home care services—that you actually refer not just to post-acute services, so those people who used to be in hospitals who are now receiving care at home, but also the preventive services that are so critically important to care for the frail elderly, the chronically ill and persons with disabilities.

We also note that in the budget we see another increase in the cost of drugs. As a cost driver in the health system, this is something the government must take on to ensure that money is available to be spent on ameliorated patient care. In the upcoming Premiers' conference, we hope your government will make it a priority to push the federal government to institute mechanisms to control the cost of drugs: control the cost of new drugs, control the marketing practices of the pharmaceutical industry, stop the practice of evergreening or extending the patent time for drugs by minor changes to the drugs and renewal of the patent. So it's looking at the ways governments can control the cost of drugs so as to ensure this doesn't continue to eat up a greater and greater portion of the health care pie.

I'll conclude by noting that where money goes within the health system is also important, and that improved democracy, transparency and democratic control over our health institutions would improve ensuring that money makes it to front-line workers, not just to administrative and management personnel. Thank you.

The Chair: Thank you very much. We have about four minutes per caucus. We'll begin with the NDP.

Mr Prue: I'd like to go first of all to your statement that you believe the government is justified in some of the health care initiatives they're taking, but you disagree with how they're raising the funds.

Ms Mehra: Yes.

Mr Prue: You believe the money should be taken

from a progressive tax system.

Ms Mehra: Absolutely. We're quite concerned that the health premiums, for lack of a better word, are too flat, that they should be at least as progressive as the income tax system, if not more progressive.

Mr Prue: Are you suggesting to this government that they withdraw the provisions for health premiums and substitute instead an equivalent raise in general taxation of \$1.6 billion for this year?

Ms Mehra: Unfortunately, I can't answer that. We haven't reached consensus on that yet.

Mr Prue: OK. What's your position as an individual?

Ms Mehra: My personal—

Mr Prue: Yes, you're the one who's here. I have to ask the question.

Ms Mehra: My personal position is that I believe it should be replaced with a much more progressive

revenue-raising system.

Mr Prue: You also said the delisting of optometry, chiropractic and physiotherapy services is causing an increase in the out-of-pocket burden. Of course these have now been privatized or will be privatized very shortly. Obviously, poor people won't be able to afford it and people who don't have private insurance won't be able to afford it. What do you see happening to these services? Will they just wither away? Will only the rich get them? Will people go to their family doctor to have their eyes tested? What will happen?

Ms Mehra: People will find ways to try and access services if possible, and if it's not possible, they'll go without. What is notable here is that people feel they've been hit with a double whammy, that not only are they paying more but they're also getting less. I'm not saying this is the case, but the appearance is that low-income and middle-income people are going to pay more for health care out of pocket and get less in the end. I think that is an enormous cause of anger. Ultimately, how people will access physiotherapy or chiropractic services or optometry, if they can't afford it, is really an open question. It varies around the province how people might be able to access them and the costs for them are definitely out of reach for many people.

Mr Prue: You were also talking about home care being republicized as opposed to privatized. We had a deputation this morning that had facts and figures showing that nursing homes get \$5 or \$6 more a day than charitable homes or municipal homes. If we were to simply say that there's no more cost advantage to the private industry, that they had to compete on an equal footing with public, what do you think would happen to them? Is that their whole profit margin, the extra \$5 or \$6 a day they got from the previous government? I'll bet you it is.

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Ms Mehra: In the case of nursing homes, the funding formula is fairly complex, but I guess the easiest way for me to answer is to say that certainly there is enormous

profit being pulled out of the for-profit homes. Extendicare reported record-breaking profits in November of this year. That money is funded by our tax revenues. The problem with the privatization of health services is that we end up paying public funding to profits of companies and also to a whole host of things that don't exist in a public health system.

Yes, the worldwide evidence is that for-profit health care costs more. If you transfer services, as they did in the Pan Am clinic in Manitoba, for example, from for-profit to not-for-profit, you would find savings you could plow into patient care. That's what we're advocating for home care.

The Chair: Thank you. We'll move to the government.

Mrs Mitchell: Thank you very much for coming today and making a presentation. I would like to speak to you about accountability for a minute. I know you know that we have brought forward bills that are still in the process of moving forward, and we will be looking for more accountability of how those health care dollars are allocated, and the levy will be allocated to health—the premium. I just wanted to get that upfront.

One of the things I would look for a comment from you about is that I come from a rural area, and I think one of the strong supports of the health care premium support is the family health teams. You have not made a comment on them in your presentation. I would look for what your thoughts are on the family health teams, because I think that's a very strong component of our health plan.

Ms Mehra: We're buoyed by the fact we're talking about teams that include a variety of health professionals as well as physicians. We think that's the right way to go. We're concerned—and we're looking more into the details about this, so I can't speak in exact specifics about this—about the ability of those teams to incorporate as for-profit entities. We're concerned that the new primary care reform money coming from both the federal and provincial government not be used to set up a health system that won't be sustainable. We are looking into how to ensure that those teams be not-for-profit, that there be as much democratic governance as possible, very much like a community health centre model, in which there is community governance and a not-forprofit structure around the delivery of primary health care in the community.

Mrs Mitchell: But you do support the team atmosphere?

Ms Mehra: A team-based approach? Absolutely.

Mrs Mitchell: Because of the shortage we have seen in so many of the communities, I feel that the team moving forward is really how we will meet the health care needs of the people of Ontario.

The Chair: Thank you. We'll move to the official opposition.

Mr O'Toole: I apologize for not being here, but I have since read your presentation and listened to the other questions and compliment you on trying to provide more accountability, as you say, in health care. I think

everyone would like to see that. No question, there's a growing frustration with the resources available for health care, across Canada, really. They didn't have Roy Romanow go around because it wasn't a problem; there is a problem.

I think your approach—we had a mildly successful attempt with what we called family health networks, which were really collaborative health care providers. I see collaborative health providers in an expanded role, as we did with the role of nurse practitioners. We extended, as you probably know, their scope of practice. I think the NDP actually brought in the nurse practitioners, but they didn't give them any OHIP billing privileges.

Ultimately, at the end of the day, they've taken one small step backward, which you mention in your summary number 1: delisting or privatizing certain health

services.

I'm disappointed. My riding of Durham is the home of chiropractic. There's a park named after Dr David Palmer, and his home is still a historic monument and site. They're outraged, simply outraged. Not just the chiropractors, but the other health care providers in unison are afraid of the future of these other providers you grouped collectively, other collaborative health care: pharmacists, the rest. I think of Dr Dianne Lott in my riding, who would be outraged to think that this small amount of money is actually going to cost more, because people are now going to emergency or are going to take some kind of medication, which they'd expect to be covered.

Now that they've increased a tax, delisted services and put a kind of ring around some of the health care money, Bill 8 and Bill 31, what advice could you give—they're the government now—to get into more community health, more non-institutional health, technically? I think their move to community health centres is a good move. I support it. If doctors don't want to work in a collaborative practice, culturally that will change. That's where it really starts. We have no doctors in many parts of my riding. We're underserviced. We need much more—you can butt in any time you want. Monte Kwinter had a private member's bill when he was in opposition, which I supported, that talked about collaborative health: nutritionists, naturopaths and chiropractors.

Ms Mehra: I guess one quick answer for you is that if this government ties up billions of dollars in P3 hospitals—you're not going to like this—then they're not going to have money available to spend on community care. That's going to be one problem. At this point, we already have the shortest average length of stay in

hospitals for the country, so perhaps—

Mr O'Toole: The longest waiting lists too, though.

Ms Mehra: —a vision of restructuring hospital care may not be the most effective way to look at restructuring the system. As I said, we do need ameliorated home care services for the frail elderly, for prevention, for people with chronic illnesses and persons with disabilities to enable them to live independently and also to keep them out of more expensive parts of the health

care system. That language is missing from the budget, although I've heard there has been a promise from Premier McGuinty on this.

Mr O'Toole: Don't count on that. It's not a promise.

Ms Mehra: But it needs to be made more clear as a direction. Those sorts of things are not going to be possible if the continued privatization of the health system sucks out all of the money.

The Chair: Thank you for your presentation this afternoon.

ONTARIO FLUE-CURED TOBACCO GROWERS' MARKETING BOARD

The Chair: I call on the Ontario Flue-Cured Tobacco Growers' Marketing Board. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you wish. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr Fred Neukamm: Thank you, Mr Chairman. I'd like to thank the committee for having us here today. My name is Fred Neukamm. I'm the chairman of the Ontario Flue-Cured Tobacco Growers' Marketing Board, and to my left is our general manager, Jason Lietaer. We represent about 1,000 farm families who grow tobacco across southwestern Ontario, employing about 14,000 people and generating nearly half a billion dollars in direct and indirect economic activity across the province.

It is a real pleasure to have the opportunity to discuss our issues with this committee. We were not provided an opportunity to participate in pre-budget consultations, in spite of the dire circumstances we are facing and the near-certain negative implications for our industry coming out of this budget. In fact, I understand that about half of the bill you are considering deals directly with tobacco issues. I plan to spend about half our time outlining our issues for you, and then we would be available for any questions you may have.

It is no secret that government tobacco policy is affecting our farmers. We're not here today to quarrel directly with those objectives. We understand that government will continue to discourage the use of tobacco products. However, we are here to give you an idea of some of the unintended consequences that tobacco policies are having and may have in the future.

Ontario tobacco farmers ask three very simple things: (1) to supply the Canadian marketplace, whatever that demand is; (2) increased law enforcement to curtail criminal activity; and (3) to be compensated fairly for being forced out of business by government policy.

In Ontario today, we are losing the opportunity to supply the Canadian marketplace. Up until the last couple of years, the Canadian content in domestic products was over 90%. The companies who supported Ontario tobacco farmers had the market for tobacco products nearly cornered and they supported our communities and families.

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High-tax policies change all of that. As the price of cigarettes goes up, companies are forced to compete on price. They look at ways to cut costs, substituting cheap offshore tobacco for Canadian product. Imperial Tobacco Canada, which has 60% of the Canadian market share, is currently putting incredible pressure on the price of tobacco, primarily because of the high-tax, anti-tobacco policies of government.

In short, we have been left exposed by government policy and we are in a downward spiral that could mean the wind-down of this industry in Ontario. That's 14,000 jobs and half a billion dollars in economic activity lost forever.

In the last few years, governments have been spurred on by anti-tobacco advocates to raise taxes on tobacco. In 1993, federal and provincial taxes amounted to about \$35 a carton; today they are about \$42. To emphasize, tobacco taxes are higher now than they were in 1993, the historical high point in black market activity in tobacco products.

In the period leading up to the tax rollback, there were estimates that up to 20% of the national tobacco market was supplied by criminal, black market suppliers. These people found product wherever they could and sold it to whoever would buy it. For example, criminals could regularly be found selling cigarettes out of the back of cars or vans to underage children near school properties.

We know there are those who will say that by raising taxes, governments are pursuing a public health agenda. But we know that during the late 1980s and early 1990s, when taxes were high, people simply acquired their cigarettes from smugglers, usually at lower prices than what they would pay at the corner store. As we found out before, government does not always meet its goals on health, and the unintended consequences to farmers and communities are severe.

The board has proposed and will continue to propose the following three-pronged approach to dealing with this problem:

(1) Transition for growers: Over the past two years, nearly 100 farmers have left tobacco production each year. More will be forced to leave this year. The federal government has come through with a transition program. They have recognized the responsibility to compensate tobacco farmers for putting us out of business, as outlined in the International Framework on Tobacco Control, a treaty that Canada has signed. This provincial government made an explicit promise for transitional assistance to help tobacco farmers move out of growing tobacco during the last election campaign, and we expect that commitment to be honoured.

I understand that this committee dealt with that issue, with unanimous support for a resolution tabled in March which stated, "That the standing committee on finance and economic affairs recognizes that this government is committed to banning smoking throughout the province, and therefore recommends to the Minister of Finance that the government keep its promise to 'establish a commun-

ity transition fund to help farmers move away from growing tobacco' and announce specific funding levels as part of the 2004-05 provincial budget."

To this committee: Tobacco farmers very much appreciate your support on this issue. Unfortunately, we have already been hit with the tax increases but have not yet received any transitional assistance from the provincial government. This assistance is required, and it's required now. Each day, farms are going bankrupt.

(2) Ensuring that all Canadian manufacturers use Canadian tobacco: Domestic production is the cornerstone of the grower sector. In order to ensure that Canadians consume domestic product, Canadian manufacturers, be they large or small, should be encouraged to purchase Canadian-grown tobacco. In addition, imported tobacco should be subjected to the same regulatory standards currently applicable to Ontario tobacco, including phytosanitary standards.

Admittedly, many of these issues fall primarily under federal jurisdiction. However, some also affect provincial government departments, and we recommend a coordinated policy on these matters. It simply makes no sense to rid Canada of a tobacco farming industry while a significant portion of Canadians still smoke. Our position is simple: As long as there are Canadians who use tobacco, that tobacco should be Canadian.

(3) Augmenting law enforcement: With the return to a high-tax policy on tobacco products, experience suggests that unscrupulous profiteers will exploit the opportunity to engage in contraband and counterfeit activity. Black market sales will erode the legitimate tobacco market and that, in turn, will negatively impact on our crop size. In order to protect the integrity of the legitimate market for tobacco products, it is essential that law enforcement be augmented to safeguard the livelihood of honest citizens, including tobacco farmers.

We are concerned that government is not fully considering the possibility that raising cigarette taxes will backfire on its goals of raising more revenue. We believe that Ontario has reached and passed the break-even point, that cigarette tax increases and the growing underground economy will result in less tax revenue, not more.

We can assure you that this problem is acute right now, despite the advice you are receiving from the antitobacco industry. Across Ontario, unfortunately, it is now very easy to buy illegal tobacco products, and this recent further tax increase will only exacerbate this problem.

According to the Canada Border Services Agency, in 2003 about \$23 million in tobacco products were seized in Canada, significantly surpassing the cumulative total value of tobacco seizures made over the past five years. Between June and November 2003, over 300,000 cartons of counterfeit tobacco products were seized, representing more than the production of a good-sized farm. That's just what has been seized. How much got through?

Illegal products hurt every stakeholder in the tobacco industry except the criminals. It hurts the growers, governments and legitimate manufacturers that support a Canadian industry and pay taxes, and it spirals into other

criminal activity. I think the RCMP put it best when it stated, "The profits from these types of low-risk crimes are used to fund other criminal activity, with a direct effect on public safety, such as the importation and trafficking in drugs and weapons."

Retailers are being broken into at greater rates. The news clippings back up the story. From June 2001 to June 2002, before taxes were increased, the press reported 20 break-ins in Ontario. From June 2002 to June 2003 there were 58, and from June 2003 to this June there were a whopping 185 break-ins.

It is important to point out that government recognizes the risks. Many portions of this bill contain measures to jack up fines for these types of activities. But stronger fines and threats don't do the job. Tobacco smuggling is big business and it needs to be treated seriously.

But don't take our word for it. Read the RCMP report on organized crime, which states that tobacco smuggling is an increasing concern. Read the RCMP and border control press releases detailing container after container of counterfeit product coming in from Asia. Talk to the OPP about the increased numbers of break-ins. Ask a retailer in your riding if they feel more threatened by cigarette thieves.

In summary, the conditions we are facing today are exactly what tobacco farmers and, we believe, governments do not want to see: contraband cigarettes taking tax revenue from governments and opportunities away from farmers, black market tobacco increasingly available to children, and cheap tobacco imports with unknown and untested pesticide usage and cultural practices taking the place of Ontario production.

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Unfortunately, we are heading down a road where Ontario and Canada will have a sizable proportion of the population using tobacco products, but we will have lost the 14,000 jobs and nearly \$500 million in economic activity that tobacco farming supports.

We understand that government has promised a war on smoking, but that does not mean that there also has to be a war on tobacco farmers. The two issues, although linked, are not the same.

We are just regular farmers who happen to grow tobacco. I have a farm in Elgin county, where we raise our three young daughters and also support my retired parents. There are over 1,000 families like mine in this industry.

The government needs a plan to deal with these issues. Right now there is plenty of thought given to the tax and health side, but it seems there is little consideration for our growers and our communities. In the 1980s, we went through a similar time and faced family breakups, financial ruin and suicides in our communities. Disaster is coming, and the government is not heeding our warnings.

The Chair: Thank you. We have about two minutes per caucus, and we'll begin with the government.

Mrs Mitchell: Thank you very much for the presentation today. As we have two minutes, I'll be very quick with my question.

You made reference to the 1980s. There were many initiatives at that time, and one of the things I would like to ask you is, how successful were they in helping the communities make transitions at that time? Were there some that were more successful than others? Certainly large amounts of money were given to ventures, but they often failed; some of the funds weren't used. I wondered if you could just elaborate on that for me.

Mr Neukamm: During the mid- to late 1980s, there was a joint tobacco assistance plan that was cost-shared between the federal and provincial governments. That did effectively remove a lot of excess production. There were significant numbers of farmers who were able to exit the industry. From that perspective, I believe that program was successful.

Part of the problem we face is that there needs to be a plan for orderly transition, and the grower sector cannot do it alone. So far, a great deal of research has been done, but there has been no magic bullet as a replacement crop that could be rapidly implemented to replace tobacco in our area.

So while that program, in my view, was successful, a more comprehensive long-term strategy, and the dollars to go with it, need to be put in place.

Mrs Mitchell: I'm sure that back in the 1980s that was one of your considerations and was part of the discussions, that you needed a long-range strategy back then.

Mr Neukamm: Yes.

The Chair: Thank you. We'll move to the official opposition.

Mr O'Toole: Thank you very much, Mr Neukamm. I can only share my time with Mr Barrett, because his riding—the very last page summarizes his grave and immediate concerns.

A statement first and then a question. I like the statement you made that this isn't really an issue about whether smoking is good for you. I think there would be a general consensus that it's not, but it's still a personal choice thing; it's not an illegal product etc.

What I'm most concerned about is that I heard, prior to the election, many things: 230-some promises, something like that. Premier Dalton McGuinty promised transitional funding, among other things of course, all of which were false, basically. The federal government has now committed \$71 million, I think it is, in transitional. My issue here is that we have a product; let's not talk about the product. We're talking about those families, the thousand families, and a commitment of transitional funding to get you into peanuts or potatoes or whatever the next agricultural product is. To you it's an agricultural product. Safe: You've covered that as well.

What do you say to the members here on this issue, which really threatens lives in Ontario of those honest, hard-working people in agriculture whose main duty is to grow a safe, legal product? Not the issue of both smoking and non-smoking—that's a whole different debate. What would you say to the members? They're in control. Mike Colle is the parliamentary assistant to Greg Sorbara. He

could change things single-handedly if he wanted; courage is another issue. What advice do you have for this today?

Mr Neukamm: The advice is that that promised funding is needed now more than ever.

Mr O'Toole: Do you want us to move a resolution now that Mike Colle approach Greg Sorbara tonightthey're probably going out for cocktails afterwards—and ask him very poignantly if he would help these thousand families? You mentioned the 1980s: I don't like to put a cloud on this, but the suicide and the travesty in families' lives. I won't do it in a formal motion, but I know he's listening. He looks troubled.

The Chair: We did discuss that amendments to the bill could be made by noon tomorrow, I believe it is. You understand that part of it.

Mr O'Toole: We will be moving amendments.

The Chair: We'll move to the NDP now.

Mr Prue: Two questions. The promised funding: How much per farm, on average, will be needed for you to produce safer, more environmentally capable products potatoes, peanuts, soy beans?

Mr Neukamm: I'm sorry, I don't quite understand the question.

Mr Prue: Well, how much does it cost for a farmer to switch? Say the government says they don't want you to grow it any more. There are 1,000 families left. How much does it cost each one of those 1,000 families to switch?

Mr Neukamm: I'll allow Jason to answer that question.

Mr Jason Lietaer: Mr Prue, there was a federal round table on this issue and a lot of study that was put forward. The numbers that were put forward for compensation for exiting the industry were about in the \$500,000 range, and a lot of the establishing the other crops you're talking about was in the \$400,000 to \$500,000 range as well. Mostly fruit and vegetables are the alternative crops that are viable in our neck of the woods.

Mr Prue: So that's the sale of machinery that will no longer be necessary and the purchase of new machinery that you're going to need for alternative crops.

Mr Lietaer: Tobacco machinery is virtually worthless in many cases, and the investment into, for example, ginseng infrastructure or fruit and vegetable machinery or marketing plans, that type of thing. That was the analysis put forward.

Mr Prue: So we're looking here—my fast math—at about half a billion dollars for 1,000 families?

Mr Neukamm: For a complete exit, yes, at least that.

Mr Prue: OK. My second question relates to smuggling. I remember all that smuggling. I remember that some of it took place on Indian reserves and some of it took place at border crossings, but a little bit after the smuggling stopped it was found out that the chief smuggler, the one doing it the most and making the most profit, was Imperial Tobacco themselves. What does the industry have to say about that? If anybody was breaking the law, it was them.

Mr Neukamm: I can't dispute that. The nature of smuggling has changed. It has become a global phenomenon. The loopholes that existed in the system at the time are now closed. The smuggling truly has become a global phenomenon. As we said in our presentation, the smuggling that comes into our ports from the Far East is escalating. It's no longer confined to what we saw in the 1990s, where Canadian tobacco was leaving the country. turning around and coming back tax-free. That does not exist. It truly is a global phenomenon now.

The Chair: Thank you for your presentation this afternoon.

Mr O'Toole: On a point of order, Mr Chair: I think Mr Barrett has-

Mr Toby Barrett (Haldimand-Norfolk-Brant): I'm sorry. Maybe it's a point of clarification. I've just joined my colleague. The government did promise \$50 million, and we hear a cost for 1,000 farmers of roughly, say, \$500 million. Just for the record, everyone does realize that across the Dominion of Canada, tobacco generates \$8 billion a year.

The Chair: That's a point of information, not a point of order.

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ONTARIO ASSOCIATION OF OPTOMETRISTS

The Chair: I would call on the Ontario Association of Optometrists to come forward. Good afternoon. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions, if you so desire. I would ask you to identify yourself for the purposes of our recording Hansard.

Dr Judith Parks: Look at this: The last person left their glasses.

Mr Chairman and members of the committee, good afternoon. Thank you for the opportunity to present before the committee. We were not selected to present as part of the committee hearings prior to the budget, but we did provide a written submission for the committee's consideration. We welcome the opportunity today to present to the committee on the budget tabled by the government.

My name is Dr Judy Parks. I am an optometrist practising in Ancaster. I am currently the president of the Ontario Association of Optometrists. As I am sure you are aware from the numerous pieces of correspondence we have sent to all MPPs over the past several months, the Ontario Association of Optometrists is a voluntary professional organization representing over 1,000 optometrists.

In order to speak to the budget, we feel that it is extremely important to remind the committee of how the Ontario Association of Optometrists finds itself here today. On March 31 of this year, Ontario optometrists felt forced to take the extreme measure of rallying at Oueen's Park to protect the quality of eye care their patients receive. Some 400 optometrists attended that rainy day at

Queen's Park to call on the government to stop the optometry funding crisis that was putting patient care at risk

The March 31st date is important, as it marked the four-year anniversary of the expiration of the last funding agreement between Ontario optometrists and the provincial government. The lack of an agreement is exacerbated by a 15-year freeze in the fees paid for OHIP services provided by optometrists.

The OAO has made numerous requests to have a mediator appointed to resume negotiations. Talks between the optometrists and the government broke down almost 12 months ago. We are still waiting to meet with the government. We have been told that this will happen soon, although there has been no guarantee to speak about this funding issue. So we were very anxious about what would or wouldn't be included in this year's budget.

As everyone now knows, the 2004 budget saw a delisting of routine eye examinations for adults. I would like you to note that this was not something that the OAO had been consulted about. Children under 20 and seniors were specifically mentioned as excluded. In addition, the OAO was told during the budget lock-up and after, by key officials, that those adults who had sight-threatening conditions such as diabetes, glaucoma and macular degeneration would still be covered under OHIP for optometric eye examinations.

We knew that the government had difficult fiscal choices to make. The OAO has supported the consideration of options that would continue to protect OHIP-insured optometric care for the most vulnerable members of our community, including children, seniors and adults at risk for sight-threatening conditions.

However, I must be clear that we expect the government to provide reasonable remuneration for the services that continue to be covered. The fact remains that we have not had a fee increase in over 15 years. Our optometrists have faced skyrocketing costs—rent, instrumentation and salaries, in the last 15 years. We have been subsidizing every OHIP eye examination that we do. The government must continue to fund the OHIP optometric pool to the same level to support the optometric services that will continue to be covered by the government.

Reviews of optometric coverage have suggested that even if the government delists parts of optometric services, the provincial funding available previously needs to be maintained within the eye care envelope to ensure that the populations who continue to be covered receive the best care possible. The OAO will be watching the estimates tabled by the government to ensure that this has happened.

We are also strongly recommending that if the government is going to delist routine adult eye examinations when provided by optometrists, it be consistent and remove the billing codes for all practitioners who use them, including physicians. If this is not done, you will be simply downloading the service to another provider group, which defeats your purpose.

We spent the days after the budget trying to get information out of the government about exactly what and who would continue to be covered and found it incredibly difficult to get a clear, consistent answer, specifically around those adults at risk for sight-threatening diseases due to medical conditions. We were told many stories—again, without consultation—that the government had intended to require our adult patients with sight-threatening conditions to only be covered by OHIP upon referral from their family doctor. To us, this is an unworkable solution.

To date, the government has not been entirely clear on this point. We held a press conference at Queen's Park to try to get clarification on this issue from the government. Hours before the news conference, we received a letter from the assistant deputy minister of health and longterm care, which stated:

"As announced in Ontario's 2004 budget presented last week in the Ontario Legislature, as of November 1, 2004, the province will no longer provide routine optometry services for adults between the ages of 20 and 64. All those 65 years of age and over as well as those under the age of 20 will continue to be covered. I also want to make clear that medically necessary eye examinations for those adults between the ages of 20 and 64 will be continued. A program for those on low incomes will also be instituted.

"Over the course of the next few months, we will be working closely with you and others to implement these changes in an effective and timely manner. I look forward to our discussions in the weeks ahead."

OAO welcomes the chance to work closely with the government over the next few months to review and implement the specific details around those eye examination services that will remain covered by OHIP, including: fees paid to optometrists for providing those services; the medical conditions that will be covered; the timing of implementation; and how many patients will access services and other implementation issues.

But let me be extremely clear: Ontario's optometrists do not want their patients to have to go through a referral from their family physician to see them. Optometrists are front-line primary care providers who have had years of training and are qualified to diagnose eye conditions. They find it insulting to be prohibited from providing services directly to their patients. It also reduces accessibility, significantly increases costs and burdens the already overloaded health care system.

We have had concerns from optometrists, physicians and patients, in both large cities and remote areas, that many Ontarians have no family doctor. Almost 140 communities across the province have already been designated as underserviced for family practitioners. Emergency room doctors have expressed concern directly to me that they fear patients will plug the emergency rooms, costing in excess of \$140 per person per visit just in administration costs, seeking referrals for eye examinations.

We all know that family physicians already face huge workloads and stresses due to their own funding issues

under OHIP. The government's approach will only exacerbate the problem unnecessarily by placing a greater workload on them, and it will increase pressure on after-hours clinics and emergency rooms.

The only way to ensure that adult patients with sightthreatening conditions have access to diagnostic checkups and receive timely treatment is to ensure they continue to have direct access to services covered under OHIP for visits to their optometrist.

The government has referenced the fact that it wants optometrists to be part of primary care reform. As mentioned before, optometrists are currently trained to be primary care providers for eye care for Ontarians and already work in co-operation with family physicians and ophthalmologists to provide all aspects of eye care. However, even if optometrists are included as part of the government's primary care teams, it still makes no financial sense to incur three billings to OHIP instead of one by forcing physician referrals.

Forcing patients to be referred to optometrists through their family physicians ignores the years of specialized training that optometrists undertake to detect, diagnose and treat eye conditions. In fact, the government is not currently using optometrists to their full potential. Government needs to give optometrists the tools to modernize the delivery of optometric services in the province, including expanding the scope of practice of optometry in Ontario to include the use of therapeutic prescribing agents, or TPAs. I think you may have heard that phrase before.

1800

The OAO has been getting calls from our members letting us know that their offices are booked solid through until the anticipated implementation date of November 1. Those with serious sight problems are hurrying to get their optometric appointments in before the service is delisted. When they come in to see us, they are asking questions about whether they are going to be able to continue to directly access our services. Unfortunately, we are not able to provide them with any clear answers.

The other point we want to make clear is that this fivemonth window will drastically increase utilization of optometric services for this fiscal year and must not be shouldered by the profession, as the implementation date was a unilateral government decision.

In conclusion, the OAO wants to make this committee aware that the consequences of this budget must ensure that Ontario seniors, children and those adults with sight-threatening conditions continue to receive primary eye care services directly from Ontario optometrists; that Ontario optometrists are fairly compensated for the OHIP services they continue to provide; that the government return to the table to negotiate a fair agreement; and that optometrists be used to their full potential in Ontario by allowing them to prescribe TPAs.

We are waiting eagerly to start the consultative process this government has alluded to but to date has not implemented. I'd like to thank you. I am now happy to answer any questions you may have.

The Chair: We have about three minutes per caucus, and we'll begin with the official opposition.

Mr O'Toole: Thank you, Dr Parks, for your continuous attempt to educate MPPs. I have responded to and spoken with you before, and with the optometrists and other regulated health professions in my riding who are concerned. I also compliment you on your patience. You haven't been quite as outraged as some who have been delisted.

I know full well, having worked in health, the long-standing arguments with respect to the three points you've made. On the scope of practice, the government relations OAO members in my riding have explained to me how they're trained in very specific ways to deal with certain conditions. Just so I can get it on the record here—I'd like to send this out to my optometrist—there are opticians, optometrists and ophthalmologists, and then you deal with the whole issue you've described: the scope of practice for each and who can work for whom and all those minutiae issues. But the point you raise that should be dealt with here today is the scope of practice, the TPA issue.

I can't for one moment understand why someone has to go through a GP, who has virtually no training in that area, to get to see you or other optometrists. It makes no sense; it never has to me. Even as government, I think it was a mistake and a failure not to address that.

What do you think is the barrier to this issue, or am I asking too leading a question here? We've just come through the OMA negotiations. Perhaps you could comment on that. I'm not trying to set you up.

Dr Parks: We've had a lot of support from both sides of the government on this. I think maybe the delay is in the bureaucracy.

Mr O'Toole: Sharing the OHIP funding?

Dr Parks: Possibly sharing the OHIP funding, as well, is an issue.

Mr O'Toole: That's a shame.

Dr Parks: But you're right that it doesn't-

Mr O'Toole: The referral makes no sense. Members here should know that to get to an optometrist now, if you're over 20 and under 65, you basically are going to have to go to the family doctor or emergency. It's 140 bucks or something. Then they're going to have to go to you and probably pay until the paperwork is covered and never get the money. I think it's shameful.

You've made an excellent presentation. I can't say any more than that I commend you.

Dr Parks: Thank you.

The Chair: We'll move to the NDP.

Mr Prue: An excellent presentation, but I have a couple of questions. You have here under "Physician Codes," "We would also strongly recommend that if the government is going to delist routine adult eye exams when provided by optometrists, it be consistent and remove the billing codes for all practitioners who use them, including physicians." That makes eminent sense to me

Do you think the government should be telling doctors that they cannot do or that they cannot bill for those exams?

Dr Parks: Oh no, that they cannot bill. The problem is that if they don't remove the same code that's in the physician schedule, the patients will be downloaded on to the physicians. That doesn't make any sense. The physicians are overworked now. It just diverts the patient load elsewhere, which doesn't make any sense when we know that physicians are already working to their limit.

Mr Prue: I also have to tell you that I think it is absolutely bizarre that someone as highly qualified as optometrists are to do eye examinations have to have a referral by someone who is not qualified. This must be

more of a matter of pride than anything else.

Dr Parks: I can't speculate on that, but since the budget—I have many physicians who are my patients, and I also have many physician specialists. The physicians I speak to in my office don't want to have to try to refer patients to me. They understand the complexity of eye health enough to know that sometimes they aren't going to be able to detect something, because they don't have the expertise and they don't have the instrumentation. I don't know, if it's an issue, what the issue is and why it has been designed this way.

Mr Prue: My colleague Gilles Bisson had a person in his riding, in Timmins-James Bay, who went to see an optometrist who discovered a tumour behind the eye, something that would never happen if there weren't routine examinations. Do you think the delisting of this

service will actually put people at risk of death?

Dr Parks: We feel that whether it's listed or not, annual eye examinations are an important part of everybody's health. One of the priorities optometrists in the association will have is to make sure that patients are educated on the importance of eye examinations, because you're right, it's important to have eye examinations. It's part of everybody's health care to make sure that things work properly and that there is isn't something sneaking up on them. You're right.

Mr Prue: If you can't afford it, though, that may be

gone.

Dr Parks: Well, part of this program the government is instituting is that they're going to have something in place for those who can't afford it. We have yet to understand what that is or learn any more about it, but we'll see what that brings.

Mr Prue: Thank you very much.

The Chair: Thank you. We'll move to the government

Mr Colle: Thank you very much, Dr Parks. Is Ontario the only province that funds routine eye examinations for adults through provincial funding?

Dr Parks: Across the country there are different setups for how things are covered. We are the last province that continues to cover the 20-to-65-year-old group. Some provinces don't cover anyone in the province at all. Other provinces continue to cover the 20-and-under and the 65-and-older.

Mr Colle: Or children or whatever.

Dr Parks: Yes. And some have the medically necessary component in the adult group as well. It's a mishmash, though.

Mr Colle: In the pre-budget submission you made, you asked us to consider certain options. One option you asked us to consider as the government was the delisting of optometric services entirely from the OHIP schedule. Could you explain why you would suggest that we look at that option, and then when we take up that option we're getting all kinds of negative feedback from you, when you suggested we look at delisting?

Dr Parks: Where this problem has started is in the fact that optometrists have not been remunerated fairly—

Mr Colle: For a number of years. Right.

Dr Parks: —for a long time. As Minister Smitherman said when he was asked before the budget, "It's a hard ask." What we came to the government asking for in our negotiations was that we wanted to be fairly paid for what we do. We're doing eye examinations every day, and every one of them we actually subsidize, because the cost of the examination we cover is higher than what we are actually paid by OHIP. Whatever it takes. We're at a point now where optometrists are against the wall, so a hard choice had to be made: Either government had to find the money or it had to find a way it could pay us fairly for what we do. So these were options we offered them sort of in desperation.

Mr Colle: I understand that. I think you explained that well.

In terms of meetings, has anybody from your association met with Ministry of Finance staff? My understanding is that there have been some meetings.

Dr Parks: We've met with the Ministry of Finance staff since the budget. I think we had one meeting with them. I spoke with the minister last Wednesday night at a garden party, if that helps. So we've had some talks.

Mr Colle: The other question I had is that you've had an ongoing problem. The last government wouldn't meet with you, you said, right?

Dr Parks: Yes, that's right.

Mr Colle: They refused to meet with you?

Dr Parks: Our negotiations broke down at about this time last year, and at that point there were no more meetings.

Mr Colle: Do you find it strange that now they're great defenders of optometrists, yet they refused to meet with you? It's kind of ironic that they've changed their tune, as they usually do. That was then, this is now. Anyway, it was a very good presentation. Thank you.

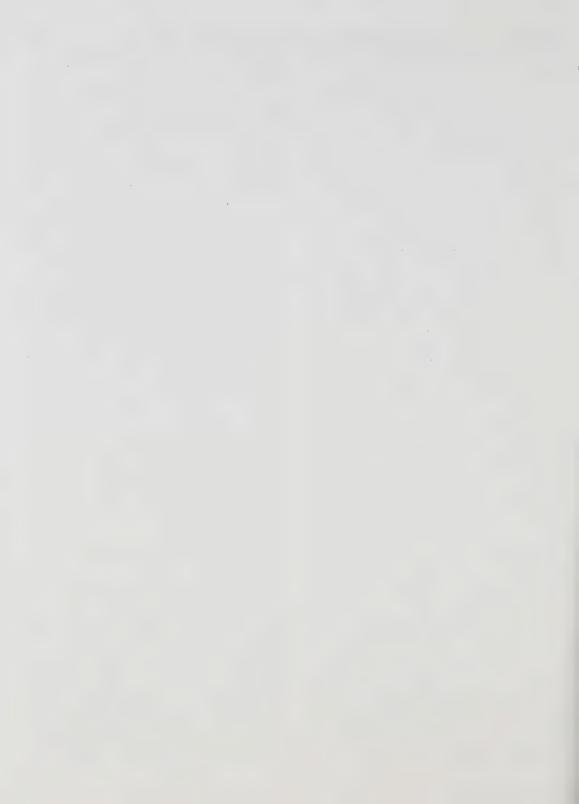
Dr Parks: Thank you.

The Chair: Thank you for your presentation this afternoon. The committee stands adjourned until 10 am on June 16th.

Mr Colle: Mr Chair, if we can't get reasonable temperatures, can we move to another room?

The Chair: You would note in your package that we are meeting in room 228 tomorrow. That was set up prior to even being in this room.

The committee adjourned at 1810.



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Wednesday 16 June 2004

Standing committee on finance and economic affairs

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Loi de 2004 sur les mesures budgétaires



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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 16 June 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Mercredi 16 juin 2004

The committee met at 1001 in room 228.

BUDGET MEASURES ACT, 2004 LOI DE 2004 SUR LES MESURES BUDGÉTAIRES

Consideration of Bill 83, An Act to implement Budget measures / Projet de loi 83, Loi mettant en oeuvre certaines mesures budgétaires.

The Vice-Chair (John Wilkinson): Good morning and welcome to the standing committee on finance and economic affairs. We are here to consider Bill 83, An act to implement Budget measures. This is a continuation of yesterday's hearings.

ONTARIO MEDICAL ASSOCIATION

The Vice-Chair: First we would call upon the Ontario Medical Association. Good morning. We'd ask that you start by identifying yourself for Hansard. You have 20 minutes. You can take the full 20 minutes. If there's any time left over, then we'll have questions from all three parties in rotation, depending on the amount of time allocated. You may begin.

Dr John Rapin: Good morning, Mr Chair and members. I'm John Rapin, president of the Ontario Medical Association. With me is Dr Ted Boadway, who's director of our health policy at the OMA. Thank you for giving us this opportunity.

This budget has many features worthy of address, features that represent positive advances in health care in the province. It has some areas where the medical profession needs to work with government in order to accomplish the objectives of the budget. I will indicate at the outset that it is our intention at the OMA to work with the government to accomplish these goals.

First let me say how pleased we are to have the immunization program for children include chicken pox, meningitis and pneumonia vaccines. This is in line with the OMA's formal position of March 2003, that these vaccines should be publicly funded.

Speaking as an emergency physician, I can tell you that some of these diseases are devastating. Even with the most attentive parents, childhood meningococcal meningitis can be catastrophically advanced at the time of first notice. Even with the best and most aggressive medical

care, some of these children still die and many more are left damaged for the rest of their lives.

This is good health care, and because of the huge costs involved in treating these cases, it is a wise way to spend money. Best of all, it stops the suffering of patients and their families.

In order to implement this program smoothly, we know there are going to be issues that need to be addressed. Family doctors and pediatricians are ready to be full partners in this program, and we will work with government over the next months to make sure that everyone is ready and the program can be introduced as smoothly as possible.

Enhancing home care services is a very positive feature of this budget. In many respects, patients simply do better when they are in their home environment. Being able to discharge patients to the home environment with appropriate care both elevates their spirits and motivates them, but it also makes it easier for physicians to contemplate early discharge from hospital. Everybody wins here.

We support the public health investment in this budget. Physicians in every walk of practice know that they are dependent upon the public health system. When it works well, most of us have the luxury of ignoring it and doing our own particular jobs, but when it does not work well, everything any of us does can be disturbed. The Walkerton tragedy, the SARS event and subsequent reports on them have shown that our public health system has become frayed. This reinvestment is necessary, appropriate and welcomed.

Smoking continues to be the biggest preventable killer in Ontario. There is not a time I work—morning, noon, or night—when I do not have to deal with the devastating effects of smoking tobacco in the ER in my community. The government has decided to increase tobacco taxes, and we support this because we know it is an effective strategy to decrease smoking activity. This tax increase is less than we had recommended, but we applaud the step that has been taken.

More importantly, the government has signalled its intention to approach this problem through a comprehensive tobacco control program that will include legislation for smoke-free places. The OMA has been recommending exactly such an approach for several years and has produced many policy papers pointing in this direction. We believe the government is on the right

track in taking a holistic approach to this problem. We intend to encourage the government to continue and we will support it in this respect.

The budget promises to reduce wait times for certain areas of care. This is a positive and focused approach. The wait lists for many of these areas have bedevilled doctors and patients for many years. First of all, we the doctors are the ones who have to break the news to patients that their procedure will be delayed and will be in the remote future. When a person is suffering day and night, and is unable to eat or sleep properly due to the pain of a bad hip joint, it is simply cruel and unusual punishment to tell them that they will have to wait many months or even years. But that job falls to us as physicians.

During the time they have to wait, we continue to try to manage them with therapies that have already proven to be insufficient or they wouldn't be on the surgical list. As they suffer the various complications and morbidities associated with these conditions, we have to try to make the best of what is clearly an unacceptable situation.

And our problems as physicians pale beside those experienced by the patient. What they really need is to have the procedure done. We consign people to suffering and low quality of life and frequently reduce their health and capacity to recover, to the point where the results of the procedure are compromised.

Addressing this is going to be a complex issue. We, of course, need staff and operating space. We need sufficiently established programs, both before and after the procedure, to help the patient have the best recovery. We also need the appropriate number of physicians to do the task and, quite frankly, we are losing these resources year by year. It's difficult to convince an orthopaedic surgeon to stay in Ontario if there is no operating time available and when our orthopaedic fee schedule is among the lowest in the continent. The same problem exists for other physicians.

A report released yesterday by StatsCan confirmed the alarming shortages and, worse yet, found that these shortages were directly impacting the ability of our system to identify and diagnose illness early. Ontario is currently at an important time in its medical history. Reducing waiting times, enhancing prevention initiatives and, ultimately, improving access to physicians in this province will require continued commitment to make Ontario an attractive place to practise medicine again.

I believe our interests are aligned here and that each of these issues we will be able to resolve by working together. I know my members, the doctors of Ontario, want me to work with the government and with the ministry on these problems, and will be disappointed if we do not reach creative solutions to help them and their patients have a better future. Thank you very much.

The Vice-Chair: Thank you, Dr Rapin. We have about 10 minutes for questions, and we'll start with the official opposition.

Mr John O'Toole (Durham): Just a couple of observations and then a question. First of all, health is

growing its expenditures per year by 8%. I guess in your response you might want to comment on whether or not that's sustainable and what recommendations you would make to relieve some of that pressure.

Immunization, as you might know, is all federal money. That transfer between the federal government is a national strategy and a federal initiative, not part of the health tax, which is another issue.

Public health, if you look at the estimates that were tabled yesterday, actually has less money for the 2004-05 fiscal year. I'm not sure exactly where they intend to get the money; perhaps it's an additional tax that we're still waiting for.

1010

I guess a comment I'd like to make is that waiting lists are the symbol of health care in Canada. It is the top issue with Paul Martin in the election. In their budget, what they talked about wasn't waiting lists, it was the number of procedures. If you'd like to comment on that. I believe they should publish, as CIHI and the new Canadian health council have, what an appropriate waiting time is, not the number of procedures, because you've just said that's a fee issue and it's operating time.

I want to also leave time for Mr Barrett, who wants to ask a question on that. So there are the three points: the increase, sustainability at 8% growth per year; the expectation in waiting lists; and the health council's role.

Dr Rapin: Thank you. We have advocated to address the middle question, publishing waiting times and waiting lists. There has been some progress made in some of the waiting lists, in coordinating provincial waiting lists, for example, in cardiac surgery. But there's still a lot of work to be done in making sure we have the data. We do know that waiting lists are growing rather than shrinking. Whether doing more procedures will help shorten the waiting lists is an interesting question. Clearly, there are many patients out there who give up because the waiting lists are long. We do support having public data and publishing the data.

In terms of sustainability of funding, that is a very difficult question for all Canadians. The cost of health services goes up. I must say it's not the costs of physicians' services that are necessarily going up aggressively, but if you look at pharmacare, such as it is, hospital costs, all of these are going up. I do understand the interest that all members would have, and the government now, in managing the cost issue. I don't have an answer. It's a complex question that was addressed at the Canadian Medical Association as well when I was on their board of directors.

Clearly, Canadians want adequate funding for their health care system. How that's accomplished is clearly a political decision. As a physician, I can only tell you that in the 30 years I've been working in the emergency department in Kingston—I'm finishing my 30th year this year—the waiting times even to see a doctor in the emergency department have gone up dramatically. Just as increasing costs are unsustainable, potentially, increasing waiting times and rationing by waiting are clearly unsus-

tainable, or undesirable, certainly, and a danger to the public.

Interjection.

The Vice-Chair: Mr Barrett, we only have so much time for each party, and Mr O'Toole. We're past the three and a half minutes that we've allocated. Perhaps you can talk to Dr Rapin.

Mr Michael Prue (Beaches-East York): Just a couple of questions. First, the optometrists were here yesterday. They are suggesting that if the schedule for eye exams is being removed for optometrists, it should also be removed for doctors. Any comment on that? It seems eminently fair that if they can't charge for it, you shouldn't be able to either.

Dr Rapin: First, I'm not sure that they can't charge for it. In fact, they can.

Mr Prue: Under OHIP.

Dr Rapin: Right. OHIP will no longer list that, is my understanding.

I must say that eye care, of course, will continue. Most eye care is delivered by physicians: family doctors, emergency doctors such as myself and ophthalmologists. What is being delisted, frankly, is refraction services.

I can't disagree with you that fair is fair. I do understand that government has in the past looked at delisting refraction services, optometric services, not only for optometrists but those services provided by physicians. Having said that, many of these services are necessary as part of medical care, including those to children, post-operative and so on. I believe it's the intention to remove the more routine refractions from listing by OHIP.

But clearly, government has to have certain priorities. If we want to do more hip surgeries, if we want to have enhanced cardiac care, if we want to reduce waiting times in emergency departments, it is a difficult problem but it is the government that has to establish its priorities.

Mr Prue: In terms of those priorities, how is the delisting of optometrists, physiotherapists and chiropractors going to impact the rest of the medical profession? It would seem to me that the people who are going to those services now will be coming to see the family doctor and maybe the emergency room more often than before.

Dr Rapin: Physiotherapy services are very important to our patients. It's my understanding that the program funding through hospitals and other programs for physiotherapy for stroke rehabilitation, large joint replacement rehabilitation and handicapped children's services will continue in the program funding. It is really only the listing of physiotherapy services for outpatients, for the rest of us, that are delisted. We as an association will lobby aggressively to protect the physiotherapy that we consider essential for our most vulnerable patients.

The concern of increasing visits to family doctors, who are in short supply and aren't coming to the province, and emergency departments, which already have long waiting lists, is a serious one. I can only say that government faces difficult choices. It's not really my role to comment on the appropriateness of which services the

public thinks are the most important. It is a difficult choice; I grant that.

Mr Prue: Do I still have time?

The Vice-Chair: Briefly. You have 30 seconds.

Mr Prue: Last but not least, then, the whole issue this government is wrestling with in terms of whether to keep the money flowing to hospitals or to divert that money into walk-in clinics, community clinics and to other less costly—does the OMA have any position on this?

Dr Rapin: We do support the concept of treating patients as outpatients in their homes and communities as much as possible. In fact, that's been a trend for many, many years. That can be not only an efficient way to do things but a humane way.

There are difficult choices in terms of what receives funding. I don't believe that all clinics in the community are necessarily the same.

But clearly, the progress we've made in treating patients outside of hospital has been remarkable. You may know that people now have their gall bladder out and are at home with home care the next day—a procedure, for example, that used to take 10 days in hospital. So there has been significant movement that way. The OMA supports that as a general trend.

The Vice-Chair: Thank you. Now we'll turn to the government.

Mr Mike Colle (Eglinton-Lawrence): Thank you, Dr Rapin. Just to correct the record, in the budget there's a \$273-million increase this year for public health. It's going to go to a \$469-million increase by the end of 2007-08. I'd just mention too that we are going to upload public health to cover 75% of the province. The previous government had mistakenly downloaded it on to municipalities.

We concur with you that public health is a good way of preventing people from ending up in emergency, ending up in hospital, so we've made that investment.

I guess as a front-line emergency doctor you've illustrated the tough choices governments have to make. It is very apparent in this budget that we've made some difficult choices, that we've had to take some services that are not mandated by the Canada Health Act and not list them under OHIP.

You see right on the front line every day what's happening in our emergencies. You also mentioned the agony doctors go through in not being able to have the chemotherapy, cancer therapy or hip replacements done in time.

The amount of wait times, deferrals—which way has it been going in the last number of years?

Dr Rapin: It depends somewhat on the procedure. But in general terms there is an increasing demand, as I'm sure you know, for many of these services. Cancer Care offers many more therapies to many more patients than in the past. Also, there are more patients with cancer, and there will be more as we age. So the trend, of course, has been for increasing demand.

It is a difficult issue for physicians, as you mentioned. We find it very frustrating to practise in an environment where we can't get the care for our patients that they desperately need. In fact, it is one of the determinants as to whether new graduates stay or come to Ontario. If they can't practise in the way they've been trained and taught, and they have these impediments because of waiting and inaccessibility of care to their patients, they seek a more welcoming environment.

Mr Colle: I know the OMA has been very involved in educating the public about the dangers of smoking tobacco. We had a deputation here yesterday talking about the plight of people who grow tobacco. Perhaps we should put on the record how many people in Ontario succumb to tobacco-related diseases every year. Do you have any idea of what the costs are, what the numbers are? People sometimes don't understand. I think it's in the billions of dollars that it must cost our health care system to treat people with tobacco-related diseases.

Dr Rapin: I'll ask my colleague Dr Boadway to respond, if I may. He does have much more information about the specifics.

Dr Ted Boadway: Dr Rapin has put me on the spot, and I'm going to confess that although this is my area, I don't actually have those numbers with me off the top of my head. But we know that tens of thousands of people die each year from tobacco, and we have very precise numbers. We also know it costs billions of dollars. So addressing the problem is not only good health care, it's good financial sense.

Mr Colle: Thank you very much. If we could have those specific figures for the committee, I would appreciate that.

Dr Boadway: We produced, actually, a document called Good Health Policy, Good Fiscal Policy that I'll make sure you get.

The Vice-Chair: In closing, if we could make sure that that would come to the Clerk, Doctor. As well, Dr Rapin, if the Clerk could have a copy of your opening remarks, that would help our Hansard substantially. Thank you for appearing.

SCHEDULE FIVE PHYSIOTHERAPY ASSOCIATION

The Vice-Chair: Now I call the Schedule Five Physiotherapy Association, please. Good morning. The committee welcomes you. You'll have 20 minutes for your presentation. In that 20 minutes, you can leave time for questioning. What we'd like you to do is start by identifying yourselves for Hansard.

Ms Judy Gelman: Thank you, Mr Chairman and members of the committee. On behalf of the Schedule Five Physiotherapy Association, I want to thank you for giving us the opportunity to participate in these public hearings. My name is Judy Gelman and I am the president of the Schedule Five Physiotherapy Association. With me today is Toula Reppas, a director of the same.

In the 2004 Ontario budget, the Ontario government chose to remove physiotherapy services that were previously covered by the Ontario health insurance plan from our universal health care system. As the umbrella organization for the clinics that employ over 1,000 physiotherapists and support staff in this province and deliver over six million treatments to Ontario seniors each year, we are here to voice our concerns over this privatization of our health care system.

The government has announced that some seniors will continue to get physiotherapy, but they don't yet know how. We are told that those seniors in home care and long-term-care facilities will continue to get some type of service, though how much, at what cost and delivered by whom has yet to be answered.

We want the committee to know that already thousands of concerned seniors and their families—these seniors who require physiotherapy to keep them mobile and out of hospital, home care or nursing homes—have been asking us, "What about me? I have to pay a new health care premium and I no longer have access to physiotherapy." Today, we lend our voice to the many seniors who will no longer receive medically necessary physiotherapy paid for by their tax dollars.

The mechanism for delisting this service is to eliminate the schedule 5 licences under which we operate, effectively putting our members out of business. For us, this means over 100 clinics across the province, over 1,000 people we employ, will no longer be earning wages and paying taxes. Most importantly, many thousands of seniors will not have access to physiotherapy.

Our objective is to demonstrate to the standing committee on finance and economic affairs that physiotherapy services are crucial to the well-being and overall health of all individuals in Ontario and should be included as part of the health care services covered by OHIP and that Schedule five licensed operators are the safest, most cost-effective method to deliver these physiotherapy services.

Ms Toula Reppas: Schedule five contracts or employs registered physiotherapists to provide assessment and treatment under the Ontario College of Physiotherapy guidelines. The physiotherapists are governed by the College of Physiotherapists of Ontario. All of us, as owners, are registered physiotherapists running small businesses. Physiotherapy treatment can reverse debilitating ailments, speed up the healing process, reduce pain and help patients return to healthy and active lifestyles. Most importantly, early access to physiotherapy aids patients in their physical and emotional well-being and frequently prevents the need for further treatment, thereby reducing the need for more costly health services over the long term.

Over six million physiotherapy treatments were performed last year under the Schedule Five licences. Physiotherapy services provided by Schedule Five clinics are vital, as 80% of Schedule Five physiotherapy patients are seniors who need physiotherapy treatment to remain mobile and active in their communities, and out of costly hospitals. Most do not have private insurance coverage

and cannot afford to pay out of their pocket. Schedule Five licence holders are concerned that seniors who are mobile and have no insurance coverage will no longer have access to this service, leading to increased hospital visits or earlier entry into home care and the long-termcare system.

Schedule Five clinics are the most efficient means to provide these services, as they focus on essential physiotherapy treatment covered by OHIP. These treatments are performed under the Schedule Five licences and are initiated by a physician's order or referral. By virtue of the physician's order, they are deemed a medically necessary service. This is required by OHIP and is clearly articulated in the regulations governing Schedule Five licences.

Currently, Schedule Five licence holders are specifically barred from performing non-OHIP service within their Schedule Five clinics, requiring them to focus solely on OHIP patients and placing priority on seniors and the most disadvantaged in society. The general population and those covered by other types of insurance are encouraged to attend other facilities. Schedule Five owners are specifically barred from any type of extra billing, eliminating any potential barrier to access to those unable to afford anything but the OHIP-covered service.

Schedule Five has a cost-effective mechanism already in place that is able to reach all citizens of Ontario. In addition, as part of their commitment to all Ontario communities, Schedule Five physiotherapy owners have invested millions of dollars in state-of-the-art equipment to ensure optimum therapy and protection from injury to patients. In many cases, this is equipment that long-termcare homes or community care access centre providers are unable to afford. We fill a unique need for the homes, the residents and the government.

Schedule Five clinics are the most cost-effective means to deliver physiotherapy treatments under any scenario in Ontario. The cost of receiving treatment at a Schedule Five clinic is only \$12.20 per visit. A similar treatment delivered in a hospital or by private-pay is at least four times more expensive. Many Schedule Five clinics offer home care services. These services are provided at approximately a third of the price of comparable private home care and community care access centre services. A typical home care visit coordinated by a community care access centre is delivered at between \$50 and \$80 for the same treatment our members provide at \$24. The six million-plus services we provide are delivered annually for a total cost of approximately \$65 million.

Additionally, Schedule Five licence holders are concerned that a government effort to expand the number of patients served without an increase to the budget, no matter who performs the OHIP-covered service, will result in an unreasonably low level of service to each patient, limiting the effectiveness and increasing the cost to other parts of the health care system.

A report done by KPMG consultant Rainer Beltzner stated that if all graduating physiotherapists were given a billing number and allowed to bill OHIP, rather than

what is currently being provided by Schedule Five licences, Ontario seniors would receive only \$2 of service per year.

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Delisting physiotherapy creates a two-tiered system, since only those with private insurance will be able to receive continued access to treatment at specialized physiotherapy clinics. Seniors who are mobile and have no insurance will no longer have access to service. It will also create additional strains on our health care system by forcing patients to go to a hospital or force earlier entry into the home care/long-term-care system. A universal health care system should focus on providing the best quality of care to Ontarians. By delisting physiotherapy and rescinding Schedule Five licences, the government is choosing a path that will limit care to the most vulnerable in our society.

Ms Gelman: In conclusion, Schedule Five physiotherapy licence holders offer the government the most complete, safe, effective and cost-efficient service to Ontario's most vulnerable populations. Unlike sole practitioner physiotherapists, or large corporate physiotherapy centres, Schedule Five works solely with seniors, the disadvantaged and those requiring medically necessary treatment as ordered by a physician. There is no delay in providing service caused by a conflict of interest with the more lucrative auto insurance, WSIB, private insurance or private-pay business.

The significant investment in our licences—which is our ability to provide service, the equipment installed in our clinics, our long-term-care homes and our employment of 1,000 registered physiotherapists—demonstrates our commitment to the province and to servicing Ontario's most vulnerable people.

For the government, and for the college, the best way to continue to protect this population, maintain their mobility and quality of life and to keep them out of hospital and in their homes, is to continue to utilize the service provided by Schedule Five physiotherapy licence owners.

Schedule Five firmly believes that while the provincial government has stated that physiotherapy will continue to be offered through home care and in long-term-care facilities, delisting physiotherapy from OHIP will leave thousands of seniors and other patients stranded. We disagree with the Premier's June 14 statement that the services delisted, including physiotherapy, are not deemed to be essential under the Canada Health Act. Physiotherapy, by the way, is in the Canada Health Act as long as it's provided in the hospitals, which is kind of a dichotomy. The many thousands of seniors who need physiotherapy to recover from a fall or to maintain independent living would beg to differ.

We're not here to blame the members of the government. In fact, while we fear for our own businesses and our employees' jobs, and we fear most for those seniors who will no longer have access to our services, access to any physiotherapy, we also feel badly for the government members around this table, because they have to sell a

policy based on poor information.

The unfortunate reality of the delisting of physiotherapy is that those who provide the service to Ontario's most vulnerable people were never consulted on this change. The civil servants, who only 10 months ago negotiated with us a capped budget to deliver world-class levels of physiotherapy to all of Ontario's seniors, must have provided inaccurate information to the Minister of Health, the Minister of Finance and the Premier, which led to this decision.

We have been told that there are concerns about growth in demand for our services, yet the government keeps building new long-term-care beds and sending in compliance officers to tell these homes they must provide physiotherapy. We've been told that the bureaucracy thinks that hospitals that used to pay for physiotherapy in their global budget have closed their clinics and then hired us to provide the same services, but bill OHIP for these services. This practice does not occur. We could have corrected this assertion if we had been consulted.

We've been told by some members of the government party that we can't possibly give great service for only \$12.20 per day, yet they say they want more service to more remote areas of the province, and overall, they want to pay less for physiotherapy than they do now. Again, if someone had asked the millions of seniors we keep mobile and healthy, they would have heard glowing reports of the care we provide and the importance to their lives.

Ontarians can and do forgive governments for honest mistakes made out of good intentions. What they frown upon is governments that stubbornly defend poorly thought-out policies that cause pain and hardship for some of Ontario's most vulnerable citizens. Long after our members have been put out of business, the job losses counted and seniors thrown into turmoil and uncertainty, this government will be faced with an unpalatable situation: It will have to ask Ontario's people for re-election after introducing a health care premium and taking away services to seniors, or it will realize too late the effect of this policy and will try to find a way to boost services to seniors, at a far greater cost. But the government will still have taken the political hit for the delisting in the first place.

We can solve this now. The government could work with us to maintain the excellent service we provide to seniors in long-term care and in home care, and in our clinics for those mobile seniors trying to stay autonomous and healthy in their own homes. We will guarantee equal access to service for all Ontarians. We will negotiate a reasonable budget for service with a cap on spending and service that will make the Minister of Finance happy. We think this is a healthy way to meet the government's goals and to protect our seniors. We implore the government to re-examine its priorities and, in particular, the decision to delist physiotherapy services.

The Vice-Chair: Thank you. We have just a few minutes left in this 20 minutes, so as a result we'll just have time for one party. By rotation, it would go to the NDP. Mr Prue, you wouldn't have more than three minutes.

Mr Prue: I won't need three minutes. I think that was very complete.

Has it always been the trend that most of the people you deal with are seniors? During your deputation, you said 80% of your clientele are seniors. Has that always been the case, or are the numbers moving up?

Ms Gelman: The numbers are moving up. If you look at the statistics over the last 20 years, people are living longer. They are having more surgeries now to keep them more mobile and keep them alive as well. If you look at the population growth, there are more seniors living in Ontario now.

Mr Prue: So this is a result of boomers like me starting to age and making sure that we continue to be active.

Ms Gelman: Yes, it is.

Mr Prue: This seems to me to be quite a short-sighted policy, and I think you've outlined this very well. Do you have any idea how much the total budget—because I missed that—for physiotherapy is under Schedule Five?

Ms Gelman: Our total budget is approximately \$65 million, and for that we provide approximately six million services.

Mr Prue: That's where the \$12 comes from. That's quite amazing.

Ms Gelman: It is amazing, not that we're happy with that. Obviously we haven't had a raise in over eight years. We have been trying to get a raise from the government over the last eight years; however, we do keep our bureaucracy at a very streamlined level. That's why we've been able to do this.

Mr Prue: You've suggested that this government should back down. Of course, both the Conservatives and the New Democrats have been trying to get them to back down on this. Has there been any movement? Have there been any discussions with you from any government official, MPPs, anyone, to go back on this, to do the right thing?

Ms Gelman: We've had many discussions with many MPPs who say they are in favour, of course, of the government changing this and going back. Officially, no. We are going to be talking with the government about how some seniors may be receiving services later. But we're not sure that everyone understands, in fact, that these services will be just for a very small portion of seniors who are in long-term-care facilities. It won't include anybody who is ambulatory or even patients who are in retirement homes.

The Vice-Chair: Thank you so much for appearing in front of the committee. If you have any notes from your speech that you could file with Hansard, that would be most appreciated.

1040

ONTARIO FEDERATION OF LABOUR

The Vice-Chair: Now I'd like to call on the Ontario Federation of Labour. Good morning, Wayne, and welcome back to the committee.

Mr Wayne Samuelson: It's just wonderful to be here again, let me tell you. It's unfortunate you didn't listen to me the first time; we wouldn't have had to come back.

The Vice-Chair: Wayne, I just have to get this on the record. You have 20 minutes for your presentation. That will then leave room, if you like, for questions. If you could begin by identifying yourself officially, we'd appreciate it.

Mr Samuelson: Wayne Samuelson. I'm president of the Ontario Federation of Labour. I want to begin, of course, by thanking you for the opportunity to spend a few minutes with you. It's always the high point of my life when I have the opportunity to provide my insights to

my elected representatives.

As many of you will know, I attended many of the hearings you held into the budget process and, frankly, if you didn't notice, after eight years of the previous government, which ultimately just stopped holding meetings—which is probably where you will end up at some point—we took it very seriously. We sat down and looked at the options that were available to the government.

Frankly, we agreed with your Minister of Finance and your Premier when they talked about rebuilding our province, about rolling back some of the disgusting changes that were made over the last eight years and in fact dealing with some of the crises in our services. After \$10.5 billion in personal tax cuts directed to those people who already had lots of money, and \$3 billion in corporate tax cuts, clearly your committee had to deal with issues on the revenue side. We know a lot of attention was paid to the Premier, who says he didn't know there was going to be a deficit, but most of us who have been around here well knew that we were heading for a deficit before the election.

What I'm disappointed in is that the government didn't deal up front with the revenue side and actually say, "You know, the previous government cut too much, so we're going to look at ways to increase revenue in a progressive, fair manner." If my mother were alive, looking at this today—and she was a Newfoundlander—she'd probably say something like, "You know something, Wayne? That Dalton guy is just a bit too cute." That's how she would have characterized it.

I can't think of a more regressive way to gather income. Someone making \$25,000 a year is taxed or premiumized—whatever word you want to use—at 1.2%; at \$100,000 it's 0.75%; and at \$500,000 it's 0.18%. This is outrageous. It's absolutely outrageous. You would have to work to find a way to raise revenue in a more regressive manner. You listened to people across the province—and I was there for much of it—and I don't think there was one person who sat here and said, "I've got a way for you to raise some revenue, and that is, to bring in a regressive, outrageous health premium." Nobody talked about that. People did talk about the need for revenue. They talked about ways to raise it in a fair way, but nobody came and suggested this.

Frankly, I want to express a little bit of solidarity for the Liberals on this committee. I've been around Queen's Park a while, and I saw a bit of this in the previous government. I'm sure my friends would admit it over a beer, when no one is listening, where they sit at the committee and listen to all this, and then a bunch of people in some office across the street, some brain trust, comes up with this bright idea. I think that's what has happened here, if I can be blunt. I've seen it before, and—I'm going to be honest with you—I've seen it with every party, because I've been around here for 15 years. It's almost like this brain trust across the street has taken their blue ties off and now they've all got red ties on. I know how it works: They're all telling you it's a communications problem. That's what they told the Tories, that's what they told the NDP backbenchers: "We're all OK; we've just got to communicate it."

Like many of you, I've had the opportunity in the last few weeks to be out knocking on a lot of doors, and you can communicate all you want, but people out there are outraged. When my friends from the chiropractic community and others come to speak to you, they're talking about what they're hearing. I'm hearing it, and you've got to be hearing it. You can communicate all you want; you're not going to change what has happened unless you stand up to those people with the red ties who are hanging out in some office across the street. I think the province was ready to rebuild. I think you would have had support if you had raised revenues in a progressive manner. If you let those people, whoever is making these decisions, continue on this track, you'll probably meet with the same fate as many of your Liberal friends federally are going to meet in a couple of weeks.

But it's not really about politics; it's about people. It's about the people I represent, who are expecting to rebuild this province. You've not only brought in a regressive tax, but you've had a major negative impact on those of us who are arguing for rebuilding our infrastructure, for rebuilding our schools, for rebuilding our health care system, because I think you've basically lost a lot of trust and a lot of the hope that people put in your message of change in the last election.

In politics, sometimes it's tough to challenge power, whether it's external or in your party. I actually find myself now and then quietly congratulating the Tories when they point to some of the outrageous things you've done. That's how bad it's gotten. My suggestion to you is to maybe talk to some of these people who've been around for a while. I know it might put in jeopardy your opportunity to become a cabinet minister some time, but we need voices who understand how unfair this is, who have access to those people in the back rooms and in the government, to reconsider this, to look at ways to build credibility, to raise revenue in a progressive manner and rebuild our province.

One final comment, which again you are free of course to completely discount: Based on my 15 years of hanging around this building, if you don't do it now, you never will, and you'll just continue on this road of letting other people who aren't elected make these decisions. That's going to hurt not only you, but it's going to hurt

the people I have the privilege to represent. Thank you very much.

The Vice-Chair: Thank you, Mr Samuelson. We have time for questions, about three minutes per party, and by rotation we'll start with the Liberals.

Mr Colle: Thank you for the heartfelt commentary, Mr Samuelson. I appreciate your straightforwardness, as always.

I just want to say that one of the things we've done that's sometimes overlooked is that in Bill 2 we rolled back the corporate tax cuts the previous government had put forward, we rolled back the private school money, we increased tobacco taxes and we also took away the tax cuts that were going to be given basically to the highest-income-earning seniors. We rolled those back. I think that's part of our concurrence with you, that we have to basically make up for the \$13 billion or \$14 billion they took out of the system over the last number of years. I think that was a substantive step, and by the way, the NDP voted with the Tories on that. Would you like to comment on that?

Mr Samuelson: As my mother would say, God love you for making a nice argument. I also recognize that the Tory tax cuts were future tax cuts. If you were really serious about it, you would recognize that you have a structural deficit of \$3.5 billion right now; never mind increases that were going to come in the future. If you were really serious about it, Mr Colle, you would have said right off the bat—and everybody recognizes this—"We've got a \$3.5-billion structural deficit." Increasing the price of a pack of cigarettes and, frankly, tinkering around with some of the changes wasn't going to do it. Anybody who watches government finances knows that.

You would have had to deal with the cuts the previous government had already instituted. It would have been tough. My suggestion is you could have done it progressively. I think there would have been support for that. I can tell you, I was at many of those committee hearings, and I'm actually the kind of guy who reads Hansard once in a while, if you can believe that. I'm sure there aren't many of us around. But delegation after delegation was here, willing to support you on those kinds of changes; instead, for whatever reason, somebody dreamed up this regressive measure you brought in. I understand it may add up to a few bucks, but if you really want to change things on the expenditure side, then you have to change them on the revenue side, too.

Mr Colle: I don't want to argue with you, but I think the rollback of those corporate tax cuts ended up in the billions, not a few bucks: billions of dollars in total when we rolled back the seniors' property tax credit and we rolled back the private school money. It was billions of dollars, not a few dollars.

The other thing I want to say you is you mention the lack of progressivity in our premium. We're the only province, of the ones that have a premium, that has it based on income. So someone at \$20,000 doesn't pay

anything, someone at \$21,000 pays \$60 a year, and all the way up to \$900.

One of the things you failed to mention that I think makes it somewhat more progressive is that the former provincial health share levy that the previous government rolled into a surtax is still in place. So that person making \$500,000 is still paying a considerable amount of money, in the tens of thousands, in that surtax. Also, we have an income tax which is pretty progressive, up to 40% and beyond of that person's income who is making \$500,000. So those taxes are still in place.

The Vice-Chair: Thank you, Mr Colle. Mr Samuelson, briefly.

Mr Samuelson: Very briefly, because this doesn't take long to answer.

First of all, you brought in a tax that applies to both income earners in a household. And if you make the argument that the progressive tax system is still in place, then the question is easy: Why didn't you just bring in a progressive tax, instead of trying to call it a premium? By the way, I'm interested to know, in a word, is this a premium or a tax?

The Vice-Chair: It's not the Chair who answers that.

Mr Samuelson: Well, can someone tell me, in just one word, a premium or a tax?

Mr Colle: A premium or a tax, call it what you will.

Mr Samuelson: Well, what is it? It's important.

Mr Colle: It's basically a premium based on one's income.

Mr Samuelson: OK, fine.

Mr Colle: We collect it through the Income Tax Act.

The Vice-Chair: Mr Samuelson and members, to be fair to everyone, we have to make sure we get the questions asked in rotation. So now we will go to the official opposition and Mr Barrett. You have up to three minutes.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Thank you, Mr Samuelson. We do follow the OFL presentations with interest. In this legislation, this is defined as a tax, as I recall. I don't have the section in front of me, but—

The Vice-Chair: Mr Barrett, if you could move the microphone toward you, please?

Mr Barrett: We might suggest it depends on which side of the mouth you're hearing it from, but it is called a tax and it is called a premium.

We know in our deliberations here that close to half this year's budget is for health. That means close to half of your members' taxes are already going toward health, and, as you have indicated, I don't think anyone really expected this additional, regressive, health tax.

My question is—and according to the media there may be some options on the table—has there been any discussion with your members? Are they, in many of their work settings, expecting, as individuals and families, to pay this themselves? In some cases, do they see management paying this? In some cases, do they see assistance from the union with this added burden? **Mr Samuelson:** Now that the government has cleared it up and said it's a premium, employers would pay for it in many cases, because we have language in our collective agreements. For example, now that the government has indicated it's a premium, I'm sure they'll pay it to their own employees who have that language in their collective agreements.

The real test of whether it's a tax or a premium will come when we go to our employers and suggest to them—let me explain a bit to you. Many unions have language in their collective agreements going back to the previous premiums that were in place that required the employer to pay them. If it's a premium and that language exists, then employers will pay, and I think the government has that language in some of their agreements. If it's a tax and the government admits it's a tax, then I can't think of a more regressive tax. You couldn't find a more regressive tax. I guess that's a debate that will go on.

I can assure you that there haven't been any employers calling us up and offering to pay it as of yet, although we are certainly, as a labour movement, looking at protecting the exposure of our members based on language in our collective agreements.

Mr Barrett: Certainly for any members who are employed by a tax-funded government service, the taxpayers themselves would realize that in addition to paying their own personal family share, they would also, through their taxes, be helping to pay it for, say, government-employed people.

Mr Samuelson: I guess it depends on whether they're successful in their arguments based on their collective agreement. That remains to be seen.

Mr Barrett: Going back, just for a point of information, Chair—

The Vice-Chair: Very quickly, then, Mr Barrett.

Mr Barrett: I'll just quote section 17: "A provision that amends the Income Tax Act to establish a new tax called the Ontario health premium..." So I guess we're speaking out of both sides of our mouth on this one.

The Vice-Chair: Thanks for your point of information. Now we turn to the NDP.

Mr Prue: Wayne, as always, you give sage advice. I think you're right: The members opposite have been hoodwinked by the whiz kids across the street. What would it take for this government or for these members to do the right thing? Would it take a change to the Income Tax Act, so you simply raise the \$1.6 billion to \$2.4 billion, depending, this year or next year, through income?

Mr Samuelson: All of these members heard that debate for weeks and weeks when they travelled the province, because delegation after delegation raised that.

I think we had an opportunity here. I think there was a mood in the province to rebuild. I think a really serious discussion about a progressive way of increasing revenues would have been possible. I think people were willing to talk about it. I think they recognized that the previous government hacked and slashed, and it caused

everything from Walkerton to lineups and ambulances driving around the city of Toronto.

I'm really disappointed on a personal level, because I was optimistic. I really thought things were going to change and we were going to start to rebuild the province. But I've got to say it one more time: I don't know who could have dreamed this up. It is so regressive, so unfair and, frankly, so politically stupid.

Mr Prue: They were trying something else before they came up with this one. They were going to have the soup-and-salad tax that they floated. That also was regressive and, if I can put it in your vernacular, also stupid. They backed away from that. Is there any reason you see that they shouldn't back away from this one too?

Mr Samuelson: It was interesting. I should also comment that, having spent some time watching the committee in action, I know how upset they must have been, quietly, among themselves, when they were out there talking to people and discussing really serious issues and somebody up on the second floor kept floating all these crazy ideas—everything from tolls to lettuce or salad taxes. I know how frustrating that must be for them. I can only say that if you don't stop this stuff now, boy, oh boy, are you going to be in trouble in two years.

The Vice-Chair: Thank you, Mr Samuelson.

For members of the committee, just a reminder: Amendments are to be filed by noon today with the clerk if you want them to be considered at clause-by-clause.

1100

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Vice-Chair: Now I call upon the Association of Municipalities of Ontario.

Ms Ann Mulvale: Good morning, Mr Chair and members of the committee.

The Vice-Chair: Good morning, Ann. Just before we start, I want to welcome you to the committee and say that you have 20 minutes for your presentation, and that can include questions. We'd ask that you begin by stating your name for Hansard.

Ms Mulvale: My name is Ann Mulvale, and I am the mayor of the town of Oakville and the president of the Association of Municipalities of Ontario. I am grateful for the opportunity to address the committee. In addition, I would like to introduce Brian Rosborough, who is a senior policy member of the AMO staff team.

The Association of Municipalities of Ontario, AMO, is, I believe, well known to the committee members. Now in its 105th year, AMO represents Ontario's municipal governments and advocates on behalf of Ontario's property taxpayers.

On May 18 of this year, AMO responded to the 2004 budget speech and budget bill as a principled, good start. While not without some challenges, the government is turning a page in Ontario's recent history by working with municipalities, showing greater respect to the property taxpayer and making essential municipal services

and infrastructure a priority. These are the principles that make this budget a good start.

The budget speech also committed the government to enshrining the principle of ongoing consultation between the province and municipalities and to working with the federal government to ensure that municipalities have a place at the table of national decision-making, national change.

Last week, I had the honour of attending the Legislature for the introduction of Bill 92, the Municipal Amendment Act, which would guarantee that Ontario's municipalities are consulted on matters that affect our communities.

While Bill 92 is not the subject of these standing committee hearings, I must say that it is a fundamentally important piece of legislation, one that builds on the commitment to consult with municipalities made by the previous government when it signed a memorandum of understanding with AMO in 2001. Bill 92 builds on that commitment and provides a strong foundation for municipalities to move forward in partnership with the government of Ontario.

AMO agrees with the sentiment expressed by the Premier that one order of government cannot simply try to solve its problems on the back of another order of government and that we all have a very real fiscal challenge. As the Premier said in his March 29 open letter to municipal councils, "We need to work together in partnership to meet these" fiscal "challenges while meeting the needs of the people we both serve."

We believe that the guarantee in law of meaningful and productive intergovernmental relationships will be an important legacy for this government, and one that ensures the interests of property taxpayers are always considered.

From AMO's perspective, the budget includes a number of key advances that we believe will benefit property taxpayers. These include changes to public health cost sharing; providing a share of the provincial gas tax for public transit; new provincial funding for municipal infrastructure; improvements to assessment and property tax policy rules that will empower municipal governments and help to put the implementation of current value assessment back on track; and provincial land tax reform.

These initiatives are important steps in the right direction. They bode well for a renewed partnership between the province and municipalities. They bode well if the bottom line for municipalities is improved.

I will speak to these advancements in a moment, but first, I would also note that there are some areas of the budget that will create challenges for municipalities. To put these challenges in context for the committee, I would ask you to consider the fact that municipal governments receive, on average, just six cents of every tax dollar paid by the people of Ontario. I would add as well that people and families in our communities have far less capacity to cope with increases in property taxes than they do with increases in income or consumption taxes.

Among the challenges in this budget is the longoverdue cost-of-living increase for individuals and families who rely on social assistance. As committee members are no doubt aware, the downloading of social assistance costs by the previous government means that property taxpayers are required to subsidize provincial social assistance and disability support programs at a rate of 20%. The cost-of-living increase will cost Ontario property taxpayers an estimated \$20 million in 2005, or result in a \$20-million reduction in other municipal services.

To the government's credit, however, I will acknowledge that municipalities will not be asked to increase our subsidy to the province until 2005, when municipalities begin a new budget year. By not requiring municipalities to increase costs in-year, or to budget next year for retroactive costs, the province is demonstrating a good-faith approach, one we acknowledge and appreciate.

Another key area of concern for municipalities is the government's commitment to the community reinvestment fund. The CRF was introduced by the previous government to provide a partial offset to downloaded provincial costs. It addresses, in part, the symptoms of a serious and fundamental fiscal imbalance that results from downloading. There were gaps then, and they have grown with increased provincial standards, caps on program costs and caps on labour costs.

While the budget papers point to a stable CRF allocation for 2004-05, municipalities have been informed by the Ministry of Finance that they should not rely on a reconciliation this year reflecting actual costs for 2003. Failure to reconcile the CRF for 2003 will result in serious financial implications for municipalities and cost property taxpayers many tens of millions of dollars. If this is to be the case, we need to build a plan to manage these and other impacts such as the growing costs of Ontario Provincial Police service contracts in rural and northern communities.

As employers, municipalities are also concerned about the planned amendments to the Income Tax Act arising from Bill 83 to establish a new income tax to pay for health care. As employers, we urge the government, in developing these amendments, to be clear that the new tax is not a restoration of health insurance premiums that were eliminated in 1990. The budget seems clear that this new tax is a tax on employees and not a tax on employers, but the proposed amendments to the Income Tax Act must leave no doubt in anyone's mind.

As I noted at the beginning of my remarks, the budget is a principled, good start. On balance, it is good for municipalities and good for property taxpayers. It contains a number of important advances.

Responding to long-standing municipal concerns as well as the Walker and Campbell reports, the budget commits the province to taking back 75% of public health costs by 2007, a substantial improvement from the current 50% share established during the previous government's downloading exercise.

While we are mindful that increases in overall public health spending will erode the gains provided in this budget, the changes are positive, as they begin to address the fundamental problems of municipalities subsidizing provincial programs.

In fact, after almost 10 years, we are back to the original cost-sharing formula, but the investment to build public health capacity has grown and will continue to grow. As we move forward, we must keep in mind that the real target for a sustainable public health system in

Ontario is 100% provincial funding.

The budget commits the government to providing an initial one-cent-a-litre share of the provincial gas tax for municipal transit, beginning in October 2004, and growing to two cents a litre in 2006. This initiative reflects an important shift in the provincial-municipal landscape. It reflects an understanding at the provincial level that municipalities need access to the revenues required to provide services in our communities. It begins to recognize that the original intent of the gas tax—to support investment in our transportation systems—is important. One cent per litre begins to deliver this intent.

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Funding for transit is a principled, good start. But there are other challenges apart from the transit systems. Ontario's roads and bridges are critical to a successful economy and to the movement of goods and people.

We note that the budget also allocates funding for municipal rural infrastructure. Last month, Canada, Ontario and AMO signed letters of intent to develop a \$900-million Canada-Ontario municipal rural infrastructure program. The budget confirms the provincial share of funding for this important new program.

A tripartite framework to deliver infrastructure and to begin to narrow the infrastructure gap is critical. Doing nothing allows the gap to grow at a staggering \$2 billion a year nation-wide, and I can assure you that the bulk of the challenge is here in Ontario. We can ill-afford to do nothing, and AMO is committed to working with the provincial and federal governments to get this program up and running.

Proposed amendments to the Assessment Act and the Municipal Act contained in Bill 83 reflect an important step forward in the realization of property tax reform in Ontario. Through these amendments, the province is offering municipalities an improved assessment framework and greater autonomy and flexibility in the admin-

istration of property tax policy.

Many experts over the years have reviewed and analyzed assessment approaches. After much work in Ontario, we moved to current value assessment—CVA. CVA can work in Ontario, but the initial framework and the tax policy framework has been changed so many times, from major changes to tinkering, that it is now far too complicated and cumbersome.

We offered the government changes that would help put CVA back on track. The government listened and it has acted. Changes to the assessment cycle contained in Bill 83 should result in better quality assessment data and benefit both municipalities and property taxpayers. Bill 83 would replace the unnecessary and ill-advised 5% cap on CVA increases for commercial and industrial properties with flexible measures that provide more discretion to municipal governments. These measures would be fairer to the businesses that are currently experiencing a clawback of their CVA tax reduction to finance the cap, while speeding up the full implementation of CVA.

Similarly, the phasing out of property tax discounts for new construction by 2008 will result in greater equity for commercial property taxpayers and hasten the implementation of CVA. A shorter time frame would have been preferred, but this is a step in the right direction. To reiterate, these changes will help put property tax reform in Ontario back on track.

Ontario's communities are embarking on a period of renewal. Consequently, we will gauge the success of this budget and subsequent provincial budgets on the extent to which they help to renew and strengthen our communities.

As I said in my opening remarks, this budget is a good start. Bill 83 contains a number of advances for property taxpayers in Ontario.

Ontario's municipalities are prepared to move forward with the advances we have so far. We are prepared to work with the government and this committee toward further improvements for the sake of the people, enterprises and institutions that live and thrive in Ontario's municipalities.

In conclusion, I would like to thank the committee for allowing me to participate in this morning's proceedings.

The Vice-Chair: Thank you, Your Worship. We do have time for questions. It will be brief—not more than two minutes in total. By rotation, we start with the official opposition.

Mr O'Toole: Thank you very much for presenting, Ms Mulvale. I have just a couple of comments and then a

couple of questions for your response.

You talked with some intensity. I respect the experience you bring to the table, having myself served at the municipal level of government. You would be familiar, of course, with the whole argument of downloading and sharing and shifting and with all of the reports, whether it's disentanglement, the Fair Tax Commission or the Who Does What panel, and the call by AMO and others to come with a current value assessment system or market value assessment—it has been talked about for 10 years. It's just that no one was prepared to do it. The Liberals tried it and cancelled it. The NDP tried it and cancelled it because of the entanglements we just talked about. I think that working fairly with the CRF fund—the mechanism for transitions, which you've taken some time to describe-what other tools would you recommend?

I bring that to your attention in light of two things. If you read the current legislation, in subsection 11(5), on page 11, you will see that it allows the minister to retroactively levy a tax. This is the only government I've ever seen—there are three areas where they've levied, or

attempted to levy, taxes retroactively: on your businesses, your tenants and your residence. Do you agree with retroactivity in terms of tax policy? That's the first question.

Ms Mulvale: I think the acknowledgement in my presentation, that we appreciated that we were not going to be required to pay the increase to the social assistance—either retroactively in 2005, or have an adjustment during the budget year 2004 for municipalitiesindicates that's clearly not our preference. In fact, we believe the wisdom of your government—and it has been enhanced by including the MOU provisions into the Municipal Act—that all changes in provincial policies will have pre-consultation with the municipalities, speak to our need—not our preference, but our absolute need to be consulted and to have cost implications recognized by the provincial order of government before they are incurred by the municipal order. I'm here today to specifically speak to policies that impact the municipal order of government. So that's my response to your question.

Mr O'Toole: I appreciate that. Just one more thing: The SARS funding that has been cancelled, are you

happy with that?

The Vice-Chair: Mr O'Toole, two minutes is two minutes. Now it's Mr—

Mr O'Toole: It went so quickly.

The Vice-Chair: It's how long the question is, which is how long the answer is. Mr Prue and the NDP, two minutes.

Mr Prue: I'm going to show you how to do a short one. One of the things that I'm most concerned about in this budget is the lack of money for affordable housing, which you have championed—only \$13 million. Tell me how that's going to impact municipalities.

Ms Mulvale: We remain hopeful that whoever forms the federal government will come back to the table on social housing. We were able to get some projects that were pilots, so that we could have the experience of them. We're grateful for that funding, but it's quite clear from a municipal perspective that we believe the provincial and federal governments both need to do more.

The people on the streets of communities: Many of them may have mental health problems, but many of them are not there by choice. Clearly, we need to have appropriate geared-to-income—or rent subsidies. It doesn't necessarily always have to be building houses; it's engaging with the private sector to give the rent subsidies.

We're prepared to work with the federal and provincial governments to find better solutions. Clearly, today we don't have adequate solutions to the challenge of the homeless and the need for geared-to-income housing.

Mr Prue: That has not been included in this budget and obviously it should have been. Where should the government be going in its next budget? Should these monies be there?

Ms Mulvale: I think the government was dealing with a challenge. They've laid out a four-year plan. We're certainly working with this government as we did with the past—and we did with you, in terms of evolving the NDP's policy to keep putting before—

Mr Prue: I was a mayor then, remember? I wasn't here

Ms Mulvale: No, actually the last time I spoke to you was as an MPP on your government's policy for the election. So we're continuing to work with them and to do our part to address it. It's an issue that will not go away and will ultimately undermine not only the well-being of the people without adequate housing but the economy, because we need people of all income brackets in our communities to be the workforce to fuel the economy.

The Vice-Chair: Now we turn to the government.

Mr Colle: Thank you, Madam Mayor, from the beautiful city of Oakville, the home of some of the most splendid gardens and homes, I think, in this province. I just want to say that I appreciate the fact that you, as a representative of AMO, have worked hand in hand in developing some of the changes in directions that we've undertaken, especially with property tax assessment, in terms of working to enshrine in legislation the memorandum of understanding.

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As you know, we're attempting to reverse the 10 years of downloading with our commitment of uploading public health. We know that eventually we have to look at other areas, where we have to upload it on a more progressive, wider tax base than—as you've said, this is a start. I just hope that we continue to get input from the front-line deliverers of service, the municipalities.

As you've said, the ironic thing is that municipalities only get six cents on every dollar of taxes paid. I think we, as provincial officials—a lot of us here, in fact, have been on municipal council—I agree; I think you get the biggest bang for your buck once you pay your property tax, but yet it's the biggest flashpoint when those property tax notices come out. That's why we're working with you to try and fix some of the gaps and complexities of assessment so that we have a more rational system that municipalities can deal with and taxpayers can deal with.

Ms Mulvale: I can restate that AMO is always ready to work with the provincial government and the federal government. We do believe, where the rubber hits the road, Ontarians have the unfortunate experience of paying 14% higher property taxes than the next highest province or territory across this country. Clearly, there are things that need to be uploaded; income redistribution should not be on property tax. I believe that argument and that reality is resonating with the property taxpayers.

On another gentle critique, if I might, the people who live in those lovely homes and gardens like to be known as from the town of Oakville. They do it by choice. It's a nomenclature they cleave to with great affection.

The Vice-Chair: Thank you so much, Ann. If you have a copy of your comments that you'd like to file with the clerk, that would be much appreciated for Hansard.

ONTARIO CHIROPRACTIC ASSOCIATION

The Vice-Chair: I would now call upon the Ontario Chiropractic Association. Good morning and welcome. You have 20 minutes for your presentation, and you can leave time for questions. We'd ask that you begin your remarks by stating, for the Hansard record, your name. Thank you very much.

Dr Dean Wright: Good morning. My name is Dr Dean Wright. I'm a chiropractor from Newmarket, Ontario. I also serve as the current president of the Ontario Chiropractic Association. To my left is Mr Bruce Squires, the executive director for the OCA.

I'm going to begin our presentation by reading from the report. I'll start from page 3.

The Ontario Chiropractic Association is pleased to have the opportunity to present to the standing committee on finance and economic affairs on Bill 83, the budget bill. The OCA represents over 2,500 Ontario chiropractors, who provide important health care services to over 1.2 million Ontarians each year. Given this, the OCA's comments will be focused on the budget announcement that public funding under OHIP for chiropractic services is to be eliminated in the fall of 2004.

The May 18th provincial budget, delivered by Minister Sorbara, represents the very first public indication that government was considering delisting chiropractic services. In fact, the possibility was never mentioned during the election campaign, the pre-budget consultations or the Premier's town hall meetings. The 1.2 million Ontarians who utilize chiropractic services annually—over a five-year period, that represents 25% of the population—were given no opportunity to express their thoughts. Neither was the OCA given any opportunity to comment or meet directly with the Minister of Health and Long-Term Care. As there was no consultation prior to the decision, we believe it's important that the public be given the opportunity to express their views, as they have.

As demonstrated by a recent poll conducted by POLLARA Inc, the public believes this decision was not in the best interests of Ontario. Highlights of the poll include:

- (1) 89% of respondents believe that treatment of back pain is an essential health care service;
- (2) 79% of the respondents believe the decision to delist chiropractic services will prompt people suffering from back pain and other related complaints to instead go to other health care providers like family doctors and emergency rooms, which are already overburdened and understaffed:
- (3) 67% of the respondents believe that chiropractic care should be fully covered under our medicare system; and
- (4) 70% of the respondents oppose the decision to delist chiropractic care.

The OCA and government have also heard from patients. Already, there are over 200,000 signed petitions from citizens of Ontario calling on the government to

reverse this decision. As well, over 100,000 individual letters have been sent to the Premier, the Minister of Health and the Minister of Finance expressing concerns over this decision. Others have expressed their concern as well.

On behalf of the more than 300,000 people in Ontario battling fibromyalgia and chronic fatigue syndrome, FM-CFS Canada has noted that "the delisting of these services will seriously impact some of our members who have limited economic means and an inability to download this extra burden to company-sponsored health plans."

The implications of delisting:

The May 18th budget speech positioned the decision to delist chiropractic and other services as allowing government to "improve cancer care and cardiac care, home care and long-term care." However, evidence to support this assumption was not presented, nor was any analysis of the implications for the health system, provincial finances or society. For this reason, the OCA has commissioned the national health services consulting group of Deloitte Inc, an important and respected authority on health care policy, to prepare an analysis of the implications of this decision.

While Deloitte's detailed analysis and report is not yet available, they have provided important preliminary observations. To begin, Deloitte has outlined key health care priorities publicly identified by government, and they noted whether chiropractic care fits within that priority.

On access to care, Deloitte notes: "Patients use chiropractic services as a direct substitution for comparable medical care. This reduces demand for services from scarce health human resources, that is, primarily physicians."

On clinical care, they note: "Chiropractic care has been demonstrated to be an effective clinical treatment in the management of lower back pain, a chronic condition affecting up to three-quarters of the population at some point in their lives, particularly in later years."

On cost of care, they write: "Chiropractic care has been demonstrated to be cost-effective for lower back disorder; numerous studies have estimated that chiropractic services are between one-quarter to one-half of the costs for comparable medical services."

On transformation of care, Deloitte reports: "Chiropractic services are not integrated into the multidisciplinary care setting necessary to transform the delivery of health care services."

Deloitte concludes: "Chiropractic care is a clinical and cost-effective alternative to medical care that can enhance access to medical services and contribute to the transformation of the health care system."

In identifying the alignment of chiropractic care with these priorities, Deloitte highlights the benefits from continued funding of chiropractic services. They note:

Chiropractic care enhances access to the health care system because it offers an alternative to the comparable medical care provided by scarce physician resources, and reduces the likelihood of patients using difficult-to-access emergency and other hospital services.

Chiropractic care is effective because practitioners are highly specialized and focused on specific chronic musculoskeletal conditions; few physicians focus on a comparable range of musculoskeletal conditions.

Chiropractic care provides a cost-effective alternative to comparable medical care. Maintaining funding for chiropractic services is estimated to have a positive economic impact on health care costs.

An analysis by Professor Pran Manga, from the University of Ottawa, suggests that the \$93-million reduction in expenditures on chiropractic services will lead to an increase in health care expenditures of over \$200 million—primarily for physician services and emergency room and hospital visits.

Co-management and integrating chiropractic services into multi-disciplinary teams and primary care renewal will bring the benefits of chiropractic care, improved access, appropriate clinical care and cost-effective care, into the transformation of the health care system.

Deloitte concludes their preliminary observations by noting that: "Continued funding for chiropractic services will serve to further meet the government's priorities of improved access and appropriate cost-effective clinical care in" the transformation of the "health care system—the right care, at the right time, at the right place, at the right cost."

Conversely, Deloitte's analysis clearly demonstrates the negative implications if delisting occurs. Access to health care will be reduced, health care spending will increase, and health care system transformation will be made more difficult.

In summary, the chiropractors of Ontario, our patients, and the public are calling upon the government to revisit the decision to delist chiropractic services.

Analysis shows that:

Delisting of chiropractic care will negatively impact access to all health care services, as many of the 1.2 million patients who use chiropractors will be forced to utilize already overburdened family physicians and overcrowded emergency rooms in hospitals.

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Delisting will increase public health care spending, as many patients, particularly those without private health insurance and with lower incomes, will choose or be forced to access family physicians, emergency departments and hospitals at higher costs.

Delisting will inhibit efforts to transform the health care system, as it will become more difficult to promote co-management and integration of chiropractors into the multidisciplinary teams such as the family health teams and primary care renewal.

In the face of these significant negative implications, which contradict and override any perceived benefit, the chiropractors of Ontario, our patients and, most importantly, the public believe this decision to be in error. We call on the government to immediately consult with the Ontario Chiropractic Association to ensure that patients,

the health care system and the province benefit from the best use of chiropractic services.

That's the end of our formal speech. I'll be happy to entertain any questions—myself and Bruce.

The Vice-Chair: Thank you, Dr Wright. We have about two minutes per caucus. By rotation, we start with the NDP.

Mr Prue: Thank you very much for your submission. I think it's dead-on. Have you had any consultations with the government since this announcement? Have you met with the minister? Have you had any face-to-face?

Dr Wright: That's an easy one. No.

Mr Prue: They've not invited you to consult or join in—

Dr Wright: At this point in time, we have not had a face-to-face meeting to discuss the implications of this on the health care system.

Mr Prue: At this point, then, the minister may not be aware that delisting your \$93-million service will end up costing \$220 million more?

Dr Wright: I think they're probably aware. We've had significant media attention. Again, we know that the number of letters and the signed petitions have been getting through. I think they're probably starting to hear the message and hear the public's concerns. What we need now is a chance to sit down and work toward solutions for the health care system.

Mr Prue: So you would like this committee, in their recommendations and deliberations this afternoon, to move such a motion, hopefully someone from the Liberal side.

Dr Wright: I think the public would appreciate that, yes.

The Vice-Chair: Now, for the government, Mr Colle.

Mr Colle: Thank you very much, Doctor. I just want to say that I've had the pleasure of working with Dr Haig and others in the auto insurance area, and they've been most co-operative in trying to solve some of the thorny problems we have in auto insurance. It's been nothing but the highest level of co-operation on that front. I want to just pass that on.

As you know, in no way is our dealing here with these budget realities an attempt to diminish the value of your services to Ontarians. I think that Ontarians have spoken loud and clear during this budget process that they value your services. I want to say that our dilemma is just trying to deal with how we transform and control health care costs. That's what we've been looking at. I take into very serious account your information in terms of the possible negative impacts of delisting chiropractic services, and we will take a serious look at that and not neglect it in any way. So I do appreciate that information.

Mr Bruce Squires: Maybe I can comment. I think it's appropriate to read into the record an editorial from Hospital News, to reinforce that point and the points made in the presentation. This is by Julie Abelsohn, the editor of Hospital News. In discussing the issue of delisting, she writes:

"That news is going to come as a serious pain in the neck for the 1.2 million people in the province currently using chiropractic services this year as well as the numerous people requiring the services of physiotherapists. With stress and work-related injuries skyrocketing, people will now have to dig deep to get treatment for debilitating problems such as carpal tunnel syndrome, repetitive strain injuries, nerve impingements, low-back pain, chronic headaches as well as the numerous accident-related injuries that both chiropractors and physiotherapists treat daily.

"I have no argument with Finance Minister Greg Sorbara's statement that, 'The need to transform health care was urgent.' But I don't understand how shifting people away from 'less critical' services such as routine eye exams is going to save money in the long run. If in fact the budget's aim is to shift patients away from the often more expensive hospital treatments to things such as home care, long-term care and preventative medicine, they seem to be heading in the opposite direction. Without access to chiropractors and physiotherapists, where exactly is a person on a limited budget who is suddenly stricken with debilitating back pain going to go? Straight to the emergency department of their local hospital, that's where."

That's from the Hospital News.

The Vice-Chair: Now we turn it over to the opposition.

Mr O'Toole: I appreciate being able to make a couple of points in the limited time that I have.

First of all, my riding of Durham is the home of chiropractic. Did you know that? Dr David Palmer.

Dr Wright: Yes, Port Perry, D.D. Palmer.

Mr O'Toole: Port Perry, you've got it. Excellent. You should visit some time. It's the nicest part of Ontario, next to Toronto of course.

Dr Wright: I've been there.

Mr O'Toole: I'd also like to respectfully say that I've met with a group of chiropractors who have been very active, and their patients are outraged—I can say that publicly here—Dr James Hadden, Kevin McAllister, as well as Geoff Smith, quite a number, actually, without reading them all into the record.

I have met Dr Manga and have a signed copy of the Manga report. It was 1995 or 1996 when I first met him. Dr Manga is a health economist. He knows of what he speaks. He knows the economics of health care. In fact, I might say that the WSIB recently referred directly to chiropractic because it's early return to work, early intervention causing people not to take more expensive medications: anti-inflammatories and painkillers etc.

Monte Kwinter, now a minister, actually had a bill looking at all of the regulated health professions and encouraging patient choice. So you're on the right page here. WSIB doesn't like to spend money needlessly. They know it's the best immediate relief and rehabilitation available.

Your report here was excellent. It was useful. I'm encouraged here. But quite honestly, I should read into

the record as well—for the record, it's very important for you here. Even the Liberal Party whip, David Levac, said in the paper, "I feel their pain," and he added, "We should revisit the decision. It's something we should always be prepared to discuss."

I don't want to press any buttons here. I think their orchestration of the \$93-million cut is going to cost \$300 million in the emergency room or lost-time accidents or whatever. I'm confident from just the little hint I got from the parliamentary assistant to the Minister of Finance that this is one thing that would cost them less and get them more. Do you understand? Really, it's a small amount of money in the overall scheme of things.

If you want to add something to that, I certainly will pass it on to my constituents. At this point there are probably 900 e-mails.

Mr Squires: There is one thing that it may be useful to add. It has been suggested that in fact private insurance will step in to pick up the cost of chiropractic care for the patients of Ontario, and there are a couple of things we want to note.

The OCA and our patients have talked to insurers and employers, and they're not going to automatically assume this downloaded cost. Evidence from British Columbia shows that it doesn't occur. Manulife Financial has issued a bulletin wherein they advised their customers that the cost of health benefits is going to go up by 3% to 4% as a result of chiropractic care if in fact they adjust the policy to provide for care. That means around \$50 more for each employee. In the case of the Ontario government, that means \$3.1 million in additional costs. We all know that employers in Ontario don't suddenly want to be responsible for \$93 million in additional costs.

More importantly, the majority of the population does not have private health care coverage: in particular, selfemployed individuals, the working poor, seniors and the unemployed.

The Vice-Chair: Thank you for your presentation and thanks for providing it for the clerk. We appreciate that.

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ONTARIO PHYSIOTHERAPY ASSOCIATION

The Vice-Chair: Now we call upon the Ontario Physiotherapy Association. Good morning. You have 20 minutes for your presentation. You can leave time for questions within that time frame. We'd ask that you begin by stating your name for the Hansard record.

Ms Caroline Gill: Good morning. My name is Caroline Gill. I'm a registered physiotherapist practising in Hamilton and the past president of the Ontario Physiotherapy Association, representing 4,400 member physiotherapists across the province.

I know you were expecting Christina Boyle. Christina is stuck in Regina and so I'm here instead. Christina Boyle is the current president of the Ontario Physiotherapy Association. On my left I have Don Gracey, consultant to OPA.

We very much appreciate the opportunity of appearing before you today. The Ontario Physiotherapy Association is deeply concerned about the erosion of access to publicly funded physiotherapy.

In order to understand our position fully, however, I need to bore you with a little bit of history. In 1965, the Robarts government put a freeze on the issuance of new OHIP schedule 5 licences. OHIP schedule 5 is the feefor-service schedule for publicly funded physiotherapy in community-based clinics and patients' homes.

There are now 91 clinic licences and 29 home visit licences. This decision meant that OHIP schedule 5 clinics and practitioners would inevitably be unable to respond to population growth and changing demographics in Ontario. For example, there's a high concentration of OHIP schedule 5 clinics in the GTA and only two in all of northern Ontario, both in Sault Ste Marie.

In 1993, the OPA negotiated an historic fee increase for OHIP schedule 5 with the Rae government that would have revitalized community-based physiotherapy. Regrettably, that fee increase was rolled back by the social contract. Since then, OHIP schedule 5 fees—\$12.20 for clinic treatments and \$24.40 for home visits—amount to physiotherapists working at minimum wage levels. No matter how hard our members try, it is simply not practicable to provide quality care at those fees to all patients who require physiotherapy.

We are also aware that fee-for-service remuneration models, especially when they reflect low fees, have the perverse incentive to maximize treatments rather than

expedite recovery or focus on preventive care.

As a form of compensation for the fee rollback, the NDP government agreed to a review of publicly funded physiotherapy services in Ontario. That review was completed by the ministry and the OPA. One of its conclusions was that the demand for publicly funded physiotherapy far outstripped the supply, and the situation would only get worse. The recommendations of the physiotherapy review were never acted on by the government.

The Rae government also allowed long-term-care facilities to provide physiotherapy treatments to their residents and bill OHIP schedule 5. This as in addition to the money the Ontario government provided to long-term-care facilities for such services through their per diem.

No one is more sensitive to the needs of residents of long-term-care facilities than the OPA, but this decision led to the situation today whereby about half of all expenditures in OHIP schedule 5 are for treatments provided in long-term-care facilities. An alternative approach would have been to give long-term-care facilities the resources they need to provide the services their clients and residents require, rather than simply transfer those costs to OHIP schedule 5 with a resulting depletion of physiotherapy resources available to the community generally.

The Harris government kept OHIP fees low and maintained a cap on OHIP schedule 5 expenditures. In

addition, the cost-cutting measures that the Harris government imposed on hospitals resulted in the closure or downsizing of many hospital-based rehabilitation clinics. That further reduced access to publicly funded physiotherapy. This happened despite the fact that, under the Canada Health Act, physiotherapy services provided to hospital inpatients or outpatients is an insured service.

This happened at a time—and this phenomenon continues today—when hospitals released patients with unprecedented levels of acuity in order to cut costs, thereby putting greater demand on increasingly hard-pressed physiotherapy resources in the community and in home care.

Furthermore, the Harris government allowed many hospitals to establish private rehabilitation clinics that billed private insurers, employers or the patients themselves for treatment provided. Hospitals with private rehabilitation clinics then had the incentive to maximize the number of patients treated in their private clinics and minimize the number of patients treated in their publicly funded clinics.

The Harris government also introduced managed competition in the home care sector and did not provide anywhere near the resources necessary to provide adequate, timely physiotherapy for the homebound through the community care access centres. That problem persists today.

Finally, effective March 31, 2000, the Harris government delisted physician code G-467 by which various therapeutical services, mostly physiotherapy, were available in the community. G-467 had developed fundamental flaws and the OPA supported its delisting. However, we were promised by the Harris government that the money saved through the delisting of G-467 would be re-profiled to increase access to publicly funded physiotherapy in hospitals, in the community and in home care. But re-profiling never happened. The money saved just disappeared.

I might add that in the budget for 2002, the previous government had decided to delist OHIP schedule 5. We fought back with all the resources available because the government offered no alternatives for publicly funded physiotherapy. The government stepped back from the brink and delisting did not occur.

Then, on May 18, the McGuinty government did delist OHIP schedule 5. As I said, the OPA had acknowledged for many years that OHIP schedule 5 wasn't working well and had proposed alternatives. We were not very surprised that delisting occurred. What we hope is that the delisting of OHIP schedule 5 will clear the decks for a restructuring and revitalization of publicly funded physiotherapy in hospitals, home care, primary care and the community generally.

One point I want to make today that has been lost thus far in the political debate is that this government's delisting of OHIP schedule 5 had been virtually preordained by the actions of previous governments.

Another point I want to make is that every stream of publicly funded physiotherapy faces severe challenges today due to a lack of resources. Waiting lists are intolerably long and many patients who need physiotherapy are having to go without. Those who can afford to do so are going to private clinics to get the physiotherapy they need.

To illustrate the impact, one need only look at the composition of our profession. In 1993, 86% of physiotherapists in Ontario worked in hospitals. Today, less than 46% work in hospitals, and the vast majority of the remainder provide services in the privately funded or quasi-public systems.

The WSIB has recently completed an evaluation—and it was mentioned earlier—of the acute low back injury program of care in which physiotherapists are the main participants. That evaluation demonstrated what our profession already knew from the scientific evidence; namely, that injured workers who see a physiotherapist in the first week post-injury recover faster and better than injured workers who visit a physiotherapist or other practitioner later than the first week post-injury.

Reducing access to publicly funded physiotherapy only ends up costing the health care system more. People have to stay in hospital longer, at an average cost of \$420 per patient per day. Delay in receiving treatment, or going without, results in delayed recovery or increased chronicity, for which the health care system will have to ultimately pay.

The government talks about providing an additional 36,000 cardiac procedures per year by 2007-08 and an additional 2,300 joint replacements in each year by 2007-08. Where are these people to go for the rehabilitation they will require?

In closing—and I'm sure this will surprise many of you—I did not come here today to ask for the reinstatement of OHIP schedule 5. I came here today to put before you the case that we need to restructure and reinvest in the delivery of publicly funded physiotherapy before we do further damage to the health of Ontarians. Thank you for your attention.

The Vice-Chair: Thank you very much. We have about 10 minutes left for questions, so it'll be approximately three minutes per party. By rotation, we will start with the government.

1150

Mr Colle: I want to thank you for one of the best presentations I've seen in our two to three months of dealing with budget matters. We did this in advance to the budget across the province. This is a complex area, as we are all lay people here. So I do appreciate the context and poignant critical points that you've made in this presentation. I'm not trying to be at all patronizing. I just think it's sometimes difficult, as we all are trying to deal with the complexity of health issues, whether it be your profession or the chiropractic profession. It's a daunting task for us.

With this presentation, I think you've put the context in a place where the decision that we made as government is not in isolation. As you said, the predeterminants were occurring over the last number of years. It was almost unavoidable. Something was going to happen.

You know what our challenge is. You've outlined it here with the challenges in physiotherapy and the growing demand. How can we work to somehow reconform and bring in physiotherapy as part of our transforming of health care, as we need to do? What steps could we take?

Ms Gill: I'll start and I'll let Don take over. I just really want to reiterate that the OPA is more than willing to work with the government in order to look at alternatives. What we're looking at is maintaining access to publicly funded physiotherapy services, recognizing physiotherapists as primary care practitioners, as regulated health care professionals. There are lots of models out there.

Mr Don Gracey: I think over the past 10 years or so the OPA has presented a number of models to the government. We understand that currently the government is looking at a multi-disciplinary model of primary care delivery as part of the—

Mr Colle: You're talking about the family health teams?

Mr Gracey: Yes, the family health teams; virtual or bricks-and-mortar community health centres that have physiotherapists involved; a reconfiguration of the independent health facilities, the IHFs that include physiotherapists and that aren't monopolized by physicians. We've talked to the government about block fees that are now being used in other streams, including auto insurance. We've talked to them about capitation models. There's a whole bunch of combinations and permutations of delivery models and remuneration models that could be used, using resources that the government has said that it already intends to commit to the health care sector.

The Vice-Chair: Now we turn to the official opposition.

Mr Barrett: Thank you, Ontario Physiotherapy Association. I guess I just want to review the bigger picture, the impact of rescinding or delisting schedule 5. A couple of questions: Do you feel that government figures are accurate, as far as the savings that they would accrue by doing this? Second, in previous testimony it has been suggested, and you have suggested, that by additional use of hospital and other services, in reality there would actually be an increased cost beyond any savings projected. Do you have those kinds of gross figures, province-wide projections?

Mr Gracey: In terms of projections, in terms of the spillover effects that the delisting of OHIP schedule 5 will have on hospitals etc, those kind of figures are virtually impossible to generate. All we can tell you is that in the last fiscal year OHIP's schedule 5 had gross expenditures in the range of \$63 million. Approximately half of that, about \$32.5 million, was spent in long-term-care facilities through treatments to long-term care. Those are the figures that we know.

One of the problems that we're having, quite frankly, is a communication problem. We've spoken to the minister and the ministry about it. It's a misunderstanding of

what the government has done. Several hospitals, by our count about six, have extrapolated from the delisting announcement that the government is no longer going to fund their hospital outpatient rehabilitation clinics. A number of those hospitals have started on the trail of closing down or downsizing those clinics. We've been talking to the ministry about getting the accurate communication out there. But in terms of what the gross impact would be, no, we don't have those numbers.

Mr Barrett: Just a thumbnail sketch: What do you see with respect to restructuring physiotherapy in light of this delisting? What kind of a model are we looking at or direction to restructure and reinvest?

Ms Gill: Again, we're looking at recognizing physiotherapists as primary care practitioners. We're looking at having access in a publicly funded system that works more across the province. Some of the models that we've talked about and the government is talking about are in terms of community health centres, independent health facilities, but again recognizing that physiotherapists are there at the forefront providing that health promotion, prevention and treatment. We don't want to get into a situation where monies that are reinvested are not—for instance, if money goes back into the CCACs, unless it is actually tagged or is envelope funding for physiotherapy and rehabilitation, we know from experience that that money will get lost.

Mr Gracey: If I could just add to that. One of the missing variables in this, and Caroline mentioned it, is that physiotherapy is an insured service under the Canada Health Act. Physiotherapy service, as provided to hospital in-patients and outpatients, is an insured service.

With the greatest respect to all governments of the last 10 years, I think there is much more that the Ontario government could do to make sure that hospitals do what they're supposed to be doing under the Canada Health Act and providing adequate physiotherapy treatments in hospitals to hospital in-patients and outpatients and not downsizing those rehab clinics in order to fund other aspects of hospital operations.

The Vice-Chair: Thank you. Now we'll turn to the third party.

Mr Prue: I thought your comments here were—I concur with Michael Colle—really quite enlightening. The one point here that this has been "virtually preordained by the actions of previous governments" had been lost to me until now because I hadn't realized quite all of these things that happened back to 1965.

My question to you relates to the penultimate paragraph in which you say you "did not come here today to ask for reinstatement ... [but] to put before you the case that we need to restructure." I would put the question to you, if we do not reinstate you, you would have a status similar to dentists where there's no public cry and nobody saying, "This should be included." I would think you'd be lost if you're not reinstated. So I put it to you: If we don't reinstate you, I don't think you'll ever get restructured. Is that a fair comment?

Mr Gracey: Can I put it the other way? OHIP schedule 5 is broken. If you reinstate OHIP schedule 5, then we would be concerned that it would never be fixed. OHIP schedule 5 is not a cost-effective way of delivering community-based physiotherapy. Now that it's gone, the decks are cleared; let's talk about improving access to publicly funded physiotherapy across the gamut of systems. But reinstating OHIP schedule 5 is reinstating a problem that has existed for 15 or 20 years.

Ms Gill: This is a real opportunity to ensure that publicly funded access to physiotherapy services is done in a system that works better, that is more province-wide, because we know that we have patients—I have them every day—who do not have the wherewithal to go to private clinics. We know we need publicly funded access; we just need it in a different way.

Mr Prue: Your position is quite opposite to the schedule 5 presenters who were here today. How does the committee weigh those two options? Obviously you're saying something diametrically opposed to what they're saying.

Ms Gill: One of the values and mission of the Ontario Physiotherapy Association is to look at the health of Ontarians. That's what we're looking at in terms of providing publicly funded access to the citizens of Ontario.

The Vice-Chair: Thank you for your presentation.

Just a note to remind all members that the Ontario Cattlemen's Association is having a barbecue in front of the Legislature right now for us.

I would end with saying that the committee stands recessed until following routine proceedings or 4 pm, whichever is earlier, in this room.

The committee recessed from 1200 to 1530.

The Acting Chair (Mrs Carol Mitchell): I'll call the committee to order.

Committee members, you have three documents in front of you: the amendments filed at the time of deadline, the summary of the hearings and the working copy, which is numbered. That will be the copy we are working from, and that is the amendments filed to deadline.

Are there any comments, questions or amendments—

Mr O'Toole: Just procedurally—and I'm not trying to be obstructive here in any way. It's just that I received a fax—I didn't get to my fax because I don't have a staff person in the office today—from CLT Service Canada. It's dated June 16.

Mr Colle: What's CLT?

Mr O'Toole: I'm not sure. It isn't in the list of written submissions. It's from CLT with respect to its role and MPAC, the Municipal Property Assessment Corp. With indulgence, I would just file it as a submission. I'm not making a big statement about it. The acronym isn't spelled out. It says:

"As you may be aware, CLT is ready, willing and able to compete with MPAC to provide municipalities with assessment services.... We think, along with more than 60 municipalities, that property assessment services should not be the exclusive purview of the government." It

doesn't make a specific recommendation; it's just information.

The Acting Chair: Thank you, Mr O'Toole. We will receive that, and it will be added as well.

Mr Colle: Madam Chair, just for information: The copies we're dealing with is the package that has the number in the right-hand corner?

The Acting Chair: Correct. That will be the working document.

Mr O'Toole: It says "government motion"?

The Acting Chair: The one with the number on it.

Mr O'Toole: Oh, it's got a number on it here—
number 1.

The Acting Chair: That's it.

Mr O'Toole: That's the one. Very good, thank you.

The Acting Chair: Did you have a question, Mr

Mr Barrett: No. Are we going to do our statements now for the first section?

The Acting Chair: Yes. If you would indulge me, I will go through the process and then we will. How's that?

Mr Barrett: OK.

The Acting Chair: Thank you. Are there any comments, questions or amendments to any section of the bill and, if so, to which section?

Mr Barrett: Just to comment on a number of sections that have been addressed during the testimony, both today and yesterday, I think of the very recent presentation from Mr Samuelson, Ontario Federation of Labour. He used the phrase, directed toward this budget bill and the actions of this government, and describes them as "politically stupid." I don't concur with that. Specifically, I think it goes much deeper than that. I would hope, with some of the testimony we have heard in the last several days, and also with respect to the feedback we have all received from people in our ridings, from various organizations and groups that have been following this budget very closely, that the government is developing a new-found respect for keeping promises and telling the truth, very simply.

However, these hearings and the introduction of the 2004 budget in the Legislature, in my mind, underline the fact that to date much of that has fallen on deaf ears. I haven't had a chance to take a look at the government motions. I suspect they will not be making any major, significant changes to this budget bill.

Interjection.

Mr Barrett: My colleague is disappointed. I suspect there are not major additions, deletions or corrections, and hence my concern that some of this testimony and the feedback over the last several months may well have fallen on deaf ears.

This government has tinkered with promises in the past, going back to last fall, and this particular budget bill that we're debating and the broader budget process, in my mind, represent the big whopper of them all, solidifying the Liberal reputation as a promise-breaking machine, a very formidable machine that bears very little accountability to pledges that were made during the

election campaign: budget tax hikes—that's very clear—a deficit budget, delisting of health services. We certainly have received that input in the last several days, going on the last number of weeks: through delisting alone, the move toward a regressive—as has been described in testimony—two-tier privatization of health care. Very clearly—and I would think many of the government's allies or stakeholders, if you will, realize—there were no hirings of teachers or police officers announced in the 2004 budget. The list goes on and on, a list that runs counter to pledges made by this government during the election—broken promises.

It is clear there is considerable work to do in impressing on this government the importance of keeping its word. People in Ontario—certainly children—understand the moral of an ancient tale of a wooden boy with a very long nose—

Mr O'Toole: Protuberance.

Mr Barrett: Protuberance. Again, this can be measured. There are at least two polls. I know the first poll bears this out, showing that 9% feel Premier McGuinty is doing a good job. I should rephrase that as "a mere or only 9% approval rating," and I'm assuming those numbers don't lie.

Again, I think it's very important for this government to listen to some of the lessons in the testimony of the last little while during these hearings. I, for one, can tell you that people do have long memories; they're not going to forget. With only 9% of the population delivering a passing grade to the Premier in the wake of this particular budget and budget bill, a clear message is being sent out about the importance of honesty. There is a price to be paid for breaking promises or for having a province run by a Premier who clearly is not a man of his word, not a man of the type of honesty the people of Ontario expect of their elected government.

Interjection.

Mr Barrett: Again, we would all like to see a balanced budget. I know the government promised that and put that in writing. We have to bear in mind that I'm speaking on behalf of a party that formed a government that did balance the budget four years in a row. I guess it was the first time that had been done in 100 years, and there was no good reason why we couldn't have gone for a fifth year. I know what I'm talking about as far as four balanced budgets in a row.

Every time you bring in a deficit, you add to the accumulated debt. Put that on top of the interest rate, and just by default, if you will, it continues to add to the accumulated debt.

I think what's really of concern is that the majority of these tax increases, including the health tax and the cancelled tax reductions for business and companies before Christmas, fall on the shoulders of working families, modest- and middle-income earners who rely on every single penny to provide as high a quality of life as possible for members of that family. I know a number of these families are now in a position where they're not planning holidays this summer.

Do you have anything to add to that? **1540**

Mr O'Toole: Yes. I think there are a couple of other issues, in a general comment before we start the very onerous task of reviewing these amendments. I just want to put on the record that we know this is time-allocated. As such, you're stifling debate. You're shutting off debate by all the persons who have been disappointed, and they are thousands. I'm just going to mention one specific group here. With your indulgence, through the Chair. I would read this letter to the Minister of Finance.

Mr Colle is very much aware of the great deal of work and attention that's been given to the issue of recreational camping vehicles. This is to the Minister of Finance,

dated vesterday.

"Yesterday there was a meeting of your staff and representatives of the camping and RV industry" on resolving the assessment issue. "Mr Minister, there was no resolution, nor does there appear to be one going to happen before this House recesses, without your intervention."

I might add here, on my own note, that Mr Colle is very much aware of this, and I feel confident that he's sensitive to finding a solution in this, as many members are.

"Although progress was made, the industry is on its knees. All Ontario manufacturers have laid off employees; the market for park model RVs is non-existent" as a result of the assessment on RVs.

"Campgrounds cannot pay their property taxes and have the cash to pay trailer owners' taxes too.

"Many parks have not been yet assessed or reassessed. "The criteria to assess is in its fourth rewrite."

So there is confusion on the criteria for assessing these particular recreational vehicles.

"Government-owned parks," which are in my riding, as well as many others, "would be assessed but not taxed depending on their agreements to occupy, thus creating a two-tier system.

"Some consumers refuse to pay until there is an assessment. Others refuse to pay period. Others have appealed the campground owner's assessment as their only means to get at their own assessment.

"This industry needs your help now, Mr Minister. After a disastrous 2003, offer them some hope. They have come to you, Mr Minister, with a plan to pay their fair share. They have come to you with a plan that works in many jurisdictions across North America. It will raise the same amount of money for municipalities.

"They have been trying to meet with you and work with you for over nine months."

"You will have our support"—I endorse this myself and, Γ m sure, members in other caucuses. I've worked on this with a few NDP members as well to find a solution.

"They are requesting your help now. Your ministry likes the plan, but to introduce tax legislation will not happen before this session ends. Give them relief while the logistics of this solution are worked out."

"You need to let municipalities know now: They should not rely on these partial and appealed assessments for 2004.

"Every seasonal camper, industry employee in Ontario is waiting for you to do something for 2004.

"Bring some confidence and stability back to this vital Ontario tourism industry.

"Will you resolve this issue to bring these workers back to work now?

"The issue is easily resolved."

Mr Minister, will you implement the solution of the tag sticker fee and cancel assessments, or put a moratorium on them, for the balance of the year 2004?

It's important. We've listened; we've worked. I understand that at the end of the day the minister is the boss. It's a pretty fragile industry. It's been talked about for 10 years; in fact, the moratorium was first put on by David Peterson during the election of that year—I'm not making this a partisan statement. The moratorium existed for some time.

In the review of MPAC, it did go to the courts. There was a court ruling that they were indeed assessable properties. It was an Ontario court decision. On those instructions, I believe MPAC staff went about trying to apply some criteria. They ran into a roadblock of the administration of this assessment process and then the revenue-collecting process.

The industry coalition has put together a fairly workable plan that Mr Colle and I have spoken about at some length. I just leave on the record that I'm happy that a moratorium this year would probably solve the problem. But if the fiscal year for the municipality goes on too long and they anticipate this as part of their revenue, they'll have to appeal to the government or to someone to make up that lost revenue in their budget. If there could be something on the record from the government side, many of whom are home or are themselves campers—I'm just appealing to you in good faith, nothing more than that.

The only other point I would make, and I will try to be productive in this, is that I think there is evidence, as I have cited in the House and in this committee, that a number of members—Mr Brownell as well as Mr McNeely, Mr Craitor, Mr Levac, and indeed a minister—have said that some of the announcements made in the budget were a surprise and some felt they were painful. One used the word—I'll probably be using this for a few years—"brutal." That was Mr McNeely from Ottawa-Orléans.

What we're trying to say is that the biggest section you're going to find in my contribution here today, which may not amount to very much, is section 17. Section 17 is the Taxpayer Protection Act. Like it or lump it, those were the rules at the time. What it was, really, was a commitment to balanced budget legislation, and the taxpayers federation intervened. The Premier, as we all know, in a very conspicuous public election gesture signed to say he would balance the budget, have no deficit and, as well, not raise taxes. He has not only

broken the law, he has broken a promise. On that section, I think there needs to be some conversation at that time. I won't delay proceedings any longer without making those points.

I know Mr Barrett is very concerned about section 19. In fact, half of this entire bill is dedicated to the tobacco tax issue. We heard from the agriculture industry itself that this wasn't an issue about the acceptability of tobacco or smoking; it was the transition funds that Mr Hoy and others who are familiar with agriculture would know is the exit strategy here.

I know that in my riding of Durham there is a road called Tobacco Road. They grew tobacco there for years. I don't think there is much left. There may be the odd field left. But most of them have transitioned into soybeans, potatoes, and peanuts, I believe. Some of them have turned to horticultural products—I'll put it that way.

The industry came to us. There were a thousand individuals. In the concluding comments of their presentation, the last time this occurred, when tobacco was a big issue, there were actual suicides. It's a really small sector of the agricultural economy, but those lives, those people, those farmers and those families are shaken by this action without fulfilling another promise. I think prior to the election Mr McGuinty said on the record that he would commit to transition funding, if I'm not mistaken. Is that not right, Mr Barrett?

Mr Barrett: Yes.

Mr O'Toole: Those are the two sections. We know that this time-allocated bill is intended to get us down. We've tried our best with the limited resources the opposition has. I see all the staff from the government side. There are literally hundreds of staff here from the government side.

Interjection: Hundreds?

Mr O'Toole: Well, there are quite a few.

Ms Judy Marsales (Hamilton West): I think that's a bit exaggerated.

Ms Kathleen O. Wynne (Don Valley West): You're seeing in triplicate.

Mr O'Toole: That could be, because of the stress and strain of carrying such a burden that Toby and I have been carrying with these hearings.

I don't want to be obstructive here so I'll just stop at that. There's much more to be said. At the appropriate amendment movement time, we will probably make some further comments.

The Acting Chair: Any other comments or questions?

1550

Mr Prue: Very briefly. At the start of these hearings when the minister was here, I tried to be calm and rational, as I usually try to be, and to say that this was an opportunity for the government to recognize some very serious flaws in the budget. The government members must know because they must be getting the same emails, the same letters, the same phone calls, the same kinds of correspondence that we in the opposition get about this budget.

Mostly people are perturbed about two things: the delisted services and the Ontario health premium. Those, I think, were the main topics of the 18 deputations that came before us and the six written submissions. With the exception of the tobacco flue people, that's what everybody was here to talk about.

I've looked at the proposals that are before us. I have looked at the two government motions, which are inconsequential and deal with matters that I have no idea what they are about. Nobody deputed on them. There is no information on them. I'm sure the change of a word on what the Lieutenant Governor can do or what the minister can do is not going to seriously alter this budget.

I've had a chance to look at the 42 official opposition motions, and with the greatest of respect to my colleagues from the Conservative Party, these are 42 of the silliest motions I have ever seen. They are ridiculous beyond belief. They are not going to pass and I'm certainly not going to vote for the silly name changes that are being suggested here. I'm not going to call it the Warren Kinsella act to do something or other because—

Interjection.

Mr Prue: I don't know if Warren is or not, but he's my constituent and I haven't seen his face. This doesn't make much sense.

We have had two days of truncated hearings mandated by the Legislature. It's not this committee's fault. We've had two days in which only 18 deputations could come forward. It was rammed through with a closure motion. The people have not been heard, and those people who have been heard, those people who have deigned to make a deputation, have not been listened to. We may have heard the words, but not one thing they have said is finding its way into changes in the legislation.

I would acknowledge my own infallibility, having put three motions forward that are going to be denied, I am

Interiection.

Mr Prue: Infallibility. As you know, I don't have staff yet but I'm going to get them some day. I tried to write three motions. They're not going to be allowed because I didn't put all the correct sections down of the various acts that were required and there was not time for legislative counsel to research it. I do not blame her at all. They were done this morning as fast as I could do them while I was listening to deputations and asking questions in between.

Having said that, we have done nothing over these two days. I'm sure the PC motions will all be defeated and I'm sure the two government motions, which are of no consequence whatsoever, will be approved. We will not have listened to the people. Nothing will have happened. You will have rammed through an unpopular budget. You will have held a useless—I say that word and I want to underline it, because I'm not going to retract it—postbudget consultation committee hearing that has resolved nothing of the complaints of this province.

Having said that, let's get on with it. I hope to be out of here in 15 minutes because I don't think the motions

deserve much more than that.

Mr Colle: First of all, I want to correct the record. The motions we're changing in fact were at the insistence of the NDP. It was a question raised in the House by your deputy leader, and the minister assured her that his intentions were basically to ensure that we could incorporate some generic drugs into the formulary to bring down costs, and that's what we're doing with the amendments. I wanted to correct the record on that.

Mr Prue: It's all in legal language. If that's what it means, I will be supporting those two.

Mr Colle: OK, I just wanted to explain that.

I certainly agree with the member from Beaches-East York about the frivolous and ridiculous motions of change put forth by the PC Party, which has pretended to be so interested in coming forth with changes and improvements, yet they've made a mockery and they're laughing at this. Their motions will certainly prove they don't take this seriously.

I want to say for people's information that Bill 83 is one of a number of budget bills. It deals with very specific parts of the budget. For instance, it deals with changing the Assessment Act. There has been a hue and cry right across this province to fix the incomprehensible mess the previous government made of taxation on the municipal level. We have worked diligently with AMO and the various stakeholders, from city clerks to treasurers, who have had nightmares trying to deal with the most complex property tax system in the whole world, which was forced on municipalities by the previous government. In Bill 83, we have listened to the stakeholders and the municipalities. These amendments are the result of the conversations.

The first and I think most laudable thing that we're doing here is, hopefully, if this bill is passed, that next year there will be a time out, that there won't be assessments taking place, and the cycle for assessments will be changed so that ordinary citizens will not be forced to try to appeal or get reconsideration for assessment in a two-month window. Instead, there hopefully will be a sixmonth window where people will get due consideration.

We're also continually giving municipalities more options on how to deal with their assessment complexities. Municipalities have said very clearly and emphatically that one size doesn't fit all, that they want some option to fit their local circumstances, whether it be Thunder Bay, Ottawa, a small community like Alexandria, or the city of Toronto.

These changes that we're proposing address those serious concerns they have, as I said, with a property tax system that is beyond comprehension by most ordinary Ontarians. This change in the Assessment Act will help to quell some of the concerns that people have had with this downloaded assessment system that has been very problematic for municipalities, large and small.

Another part of the bill is the Drug Interchangeability and Dispensing Fee Act. As the minister said in the House, his intention was to try to get more generic drugs in the formulary so that we could bring down the costs of one of the greatest price drivers in health care: prescribed medication. One of the strategies he wants to use is to bring on more generic drugs. That's the intention. In fact, one of the concerns raised in the House was that the minister would have the ability to delist drugs. By the amendments we have before us, we're hoping to clarify that by saying, essentially, that the minister's intention is to bring on generic drugs, not to delist drugs.

We're also making changes to the Financial Administration Act, which are important in the administration of our finances: the Loan and Trust Corporations Act, a clarification there; the Municipal Act is being altered; the Ontario Drug Benefit Act, the Ontario Loan Act, the Retail Sales Tax Act; the Taxpayer Protection Act is being amended. It's ironic that we find the members of the former government talking about how upset they are about amending the Taxpaver Protection Act. In 2002, in the dark of night, they amended the Taxpayer Protection Act. They had no public hearings, no referendum and essentially violated that act. We are trying to change that act so that we can bring about the necessary changes to improve the health care and the education system of Ontarians. It's ironic that they're now so upset by the changes to this act, when they did the same thing in 2002.

We're also amending the Tenant Protection Act so there won't be an automatic increase on rents passed through by landlords.

The Tobacco Tax Act: it's an increase, essentially, in tobacco taxes in order to try and recoup some of the revenues needed to pay for the multi-billion dollars that tobacco costs our health system and the thousands of people that tobacco is killing. We're also trying to send a message, especially to young people, that tobacco does kill, and it is a great cost to them personally and certainly to the health care system.

Those are the main parts of Bill 83. In terms of putting forth the facts, we have inherited a serious challenge here, and I think all fair-minded people agree that the previous government still claims they have no deficit that they handed over. There was approximately a \$5.6-billion deficit that they hid from the people of Ontario. Bill 83 begins to deal with that deficit and proceeding with investing in health care and education, our cities and the people of Ontario.

1600

The Acting Chair: Thank you, Mr Colle. Before we go through section by section, I would like to state my ruling. I rule that the three NDP motions are out of order. The reason is that they do not deal with any specific sections of this bill.

Mr Prue: Just what everybody talked about.

The Acting Chair: With the committee's concurrence, as we go along, would you accept that we deal with section 1 through section 6 together, as there are no amendments?

Mr Colle: Yes, that's fine.

The Acting Chair: Section 1 to section 6—

Mr O'Toole: Recorded vote.

The Acting Chair: —shall they carry? Recorded vote.

Aves

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

Nays

Barrett, O'Toole, Prue.

The Acting Chair: Sections 1 to 6 are carried.

Section 7: We have a PC motion on section 7. Do you wish to speak to the motion?

Mr Barrett: I'll move the motion on section 7 of the bill.

The Acting Chair: My apologies.

Mr Barrett: I move that subsection 14(3) of the Drug Interchangeability and Dispensing Fee Act, as set out in section 7 of the bill, be amended by striking out "The minister may remove the designation of a product" and substituting "The minister shall not remove the designation of a product".

The Acting Chair: Any comments?

Mr O'Toole: I think Mr Prue and the NDP caucus brought this up in the House, the fact that there was some confusion, and perhaps Mr Prue will speak to it. We would completely concur. That's why we, fortunately, moved this amendment. The reason for it was of course to respect the fact of uncertainty of persons using a defined drug specified by their physician and the arbitrariness of being able to delist and go to generic drugs, when in fact we heard from the presenters that there could be side effects. Specifically, I think it was the Canadian Mental Health Association that said that persons with schizophrenia and others, because some of those drugs have side effects, don't take the medications, and therefore they have even more adverse reactions. There has to be clarity.

Again, the Minister of Health tried to clarify it in the House. It still seems a bit slippery to me, but I do say there is a government motion, the number 2 amendment here, which probably—I don't have a problem with you defeating ours.

But with the limited time I have to make points on this time-allocated bill, there is a dispute, in my view, about whether or not Erik Peters's report was correct. I won't have the time here, but if you'll indulge me for one moment—

Interjection.

Mr O'Toole: —I just want to think that health care is a big priority—

Interjection.

Mr O'Toole: No, I'm just bringing forth a humble, elected local member's perspective, and I am because drugs and health care are probably the most important parts of the whole budget. It is 48% of the budget.

But my key there is that Mr Peters, when he made his report, said, "At this time." These are legal phrases. He qualified that this was not a definitive audited report. He didn't have all the documents. You wouldn't release them. They were secret. We asked for the 70-page

document, the costed Liberal promises, the 231 promises. We asked for them. We begged for them in public sessions, and I'm doing it again today because I like to have Hansard. I'll use it during the next election. But we were denied access to that information. In fact, if we delve into it, it was said by Mr McGuinty that it was a cabinet document, therefore it remained—

The Acting Chair: Mr O'Toole, I would ask you to speak to the amendment.

Mr O'Toole: I'll try to bring it back to the topic, yes.
The Acting Chair: That would be very much

appreciated.

Mr O'Toole: I think I've made my point. I think we're working with a go-forward number here. We support Mr Prue and the NDP caucus. This is why we moved it. We're prepared to deal with the government motion. It probably had more legal time spent on it, because you have more money to spend. We have very limited resources now. Actually the NDP got a \$1-million raise, I think.

Mr Prue: As soon as we hire staff in September, we'll make use of it.

Mr O'Toole: Oh, they're starting in September. Oh, gee, no wonder your amendments weren't in order.

The Acting Chair: Any other comments or questions?

Mr Prue: I'd just like to know from the statement there, if you are deferring your motion to the government motion, are you suggesting, then, that I should vote against your motion and with theirs? I'm not sure—

Mr O'Toole: We'll lose anyway.

Mr Prue: I know that, but I want to support the best available motion. Are you saying that you suspect that their motion is better than yours? I really can't see much of a difference.

Mr O'Toole: We shouldn't be debating it. My interpretation, with your indulgence, would be this: The sincerity by which we moved the motion was such to clarify the delisting issue. The government members have all been whipped—I understand that—and they will vote against ours. Respectfully, we're just trying to work in unison here, and the limited resources we had to draft this hasty, time-allocated discussion—the government members have so much staff. You can hardly get in the room for them.

Mr Barrett: Hundreds.

Mr O'Toole: Hundreds. So we'll probably end up—you'll win every vote anyway.

Mr Colle: Who's got the floor here?

Mr O'Toole: Mr Prue gave it up. The Acting Chair: Mr Prue, yes.

Mr Prue: No, I asked the question, and that was part of the answer. I appreciate why yours is a better one, and I don't know which way to vote.

The Acting Chair: Mr Colle, what we're speaking to is the amendment put forward by the PC caucus.

Mr Colle: I just want to mention that I would encourage people to vote against the PC motion because we've worked with the Ministry of Health in essentially amend-

ing three sections to ensure that our intentions are very clear about the minister's desire to use this for allowing more generic drugs to be used. There are three amendments that deal with this part so it's done comprehensively. That's essentially it. I'd just ask you to look at our three sections. I would say that ours are pretty comprehensive, much more so than the PC motion.

The Acting Chair: Any other questions or comments? If not, I shall call. All those in favour of section 7, as amended?

Mr O'Toole: Recorded vote.

The Acting Chair: Recorded vote.

Mr O'Toole: The amendment first.

The Acting Chair: OK. All those in favour of the motion?

Mr Prue: PC motion number-

The Acting Chair: That being PC motion number 1. I have had a request for a recorded vote.

Ayes

Barrett, O'Toole, Prue.

Nays

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

The Acting Chair: The motion is defeated. Government motion number 2.

1610

Mr Colle: This is really a follow-up to the previous motion. Again, it's clear that the intention of this is part of a package of government motions to ensure that it's unequivocally clear that the—

The Acting Chair: Are you moving the motion, Mr Colle?

Mr Colle: Yes. I move that subsection 14(3) of the Drug Interchangeability and Dispensing Fee Act, as set out in section 7 of the bill, be struck out and the following substituted:

"Removal of designation:

"(3) Only the Lieutenant Governor in Council may make regulations removing the designation made by the minister under subsection (2) of an interchangeable product.

"Same:

"(3.1) The Lieutenant Governor in Council may, under subsection (3), remove the designation of an interchangeable product even if none of the conditions prescribed under clause (1)(b) are breached, if the Lieutenant Governor in Council considers it advisable in the public interest to do so."

The Acting Chair: Any questions or comments on the motion?

Mr O'Toole: Yes. I'm kind of being held hostage here in a way. I'm disappointed they didn't support our motion, but I guess the key here is that it's all semantics. They're going to carry this motion. It just says here in the amendment, remove the designation. If you read that,

clearly all it does is let the LG make the regulation, but in fact that regulation would actually come from the ministry or ministry staff. Technically it's a formality.

I think the intention here is still to delist drugs. There's an argument to be made by clinicians, who are better to deal with that. I'm not supporting it. I know they're going to pass it—they're bullying this through—and Mr Prue and I don't want to be on the record as having supported this charade.

Mr Prue: Don't say that, no.

Mr O'Toole: If not, I can say it on my part. This is a charade. These post-budget hearings are a charade. There are a couple of technical things here. I think you've got to really look at the sections I've mentioned earlier, where you actually broke the law. There's no redress at all under section 17, the Taxpayer Protection Act. To support any move that's in violation of the law is just unacceptable for a principled Conservative, and I want to put that on the record.

The Acting Chair: Any other questions or comments?

Mr Prue: I just want to make sure that I speak for myself and not have someone from another party speaking for me. I will support those aspects of the law that I think are good and I will vote against those ones which I do not think are good. In the end, I will probably not support the bill, but if there are amendments that will improve an otherwise bad bill, I intend to vote for them. It's as simple as that.

This seems to be an improvement on what was put before the House. It is in conjunction with what my colleague Marilyn Churley had to say in the House in questioning the minister. We believe it is an improvement. Although the bill is badly flawed, this is one thing that has been done right. Therefore, I will be voting with it

The Acting Chair: Any other questions or comments?

Mr Colle: Again, just to be clear, we have dealt with this in a comprehensive way with three amendments, to make sure that it's unequivocal that the intention here is to ensure that generic drugs, which are less expensive, can be brought on. We're putting the highest standard as per legislation. It makes it clear that only the Lieutenant Governor in Council, that is, cabinet, may remove the designation of drugs as interchangeable, and it is recognized that only the Lieutenant Governor in Council may remove the designation of a generic drug, even if none of the prescribed conditions are breached. So this is just one part of three parts that I think covers this in a way that gets rid of the ambiguity that was raised in the House.

The Acting Chair: Any other questions or comments? As there are none, I will call the motion.

Mr Colle: Recorded vote.

Ayes

Colle, Hoy, Marsales, Orazietti, Peterson, Prue, Wynne.

Nays

Barrett, O'Toole.

The Acting Chair: I declare the motion carried.

Shall section 7, as amended, carry?

All those in favour? All those opposed? I declare it carried.

As there are no amendments for sections 8, 9 and 10, would the committee agree to collapse those together and we can deal with them as one? Agreed.

Shall sections 8, 9 and 10 carry?

All those in favour? Opposed? Carried.

Section 11.

Mr O'Toole: I have an amendment to section 11. It's moved by myself, and I'll read it for the record.

Section 11 of the bill (subsection 329.1(2) of the Municipal Act, 2001):

I move that subsection 329.1(2) of the Municipal Act, 2001, as set out in section 11 of the bill, be amended by striking out "unless the Minister of Finance prescribes a later day for that year."

The Acting Chair: Any questions or comments on the motion?

Mr O'Toole: There were some comments made. Ms Mulvale, the mayor of Oakville and the president of AMO, made some very important comments, reasonably accurate comments. I think there has been about a decade of trying to find a workable assessment system. If you recall the advertisements of "The city above Toronto," that was all about having a non-equal assessment base.

In my riding of Durham, Oshawa had an assessment base of about 1938, and other parts of the region had a different assessment base, so the base on which you were calculating one's taxes was never updated. The process for updating it wasn't very reliable.

So in our attempt—after three failed attempts by prior governments, all of whom backed away from it because it was very controversial—we did, admittedly, make a heck of a mess out of portions of those revisions. You were a municipal councillor at the time, I believe. I would say that, yes, we found some problems there.

One of the things she tried to talk about, and this I put on the record probably to explain it to myself, really. But for members who may not be that familiar with it, we found out that when you change the assessment calculations and quantum, or assessment number, the total value of all assessments in a municipality—if you start monkeying around with about seven different property classes, at the end of the day, with all of that assessment, you still have to raise the budget amount, whether it's \$50 million or \$500 million. So if you mess around with the assessment by property class, you're really just shifting where you get your revenue from.

Some of the shifts between classes and within classes were so dramatic, we introduced what are called capping mechanisms. Ms Mulvale covered most of it, but there were always factors—they were called equalization factors—that were used and ratios to make the numbers

work for them. But what it said was you couldn't have my taxes go down on my house 50% in one year because I've been overly assessed and Toby's go up 50% in one year. So we had capping mechanisms introduced to transition us over a period of time.

What you're doing in the main sections here in this is really eliminating these capping mechanisms. Next year my taxes—in fact, my taxes went down. I was paying over \$5,000 and they went down, but I never got the money. What it did tell me was I had been overpaying for 10 years. So that's the deal, and that's a fact. I'd been overpaying for 10 years. See, municipal people here probably understand that. Otherwise, people who had been underpaying, theirs were going up, and so I was going to continue paying while we ratcheted them up, and there was an equalization so that the net result was there was no more revenue change for the municipality within class and between properties. I feel that, in my view, they take the caps off and there will be swings in tax. I guess you'll bite the bullet.

The other part I have a problem with here is the retroactivity nature. I think we have an amendment coming up later on that section. Yes, we do, motion number 5. So that's all I want to say about it. We'll probably lose the motion, but thanks for listening.

1620

The Acting Chair: Any other comments?

Mr Prue: I heard the speech, but I don't understand, if I've got the right motion in front of me, deleting the words "unless the Minister of Finance prescribes a later day for that year," what is the problem with that? That isn't about the tax base or the costs. It's not all tied together. I need to know what your problem is with the minister prescribing a later date before I vote for your motion. If you can give me a rationale, I'll vote for it; if you don't, I don't know what you're trying to say.

Mr O'Toole: Pardon me. I'm not qualified to answer it. I'm not technically trained in that full language, but there are dates for filing your assessment and rates, and what we're trying to do here is set the date.

If I look at subsection (2)—it would probably be helpful if I read the right section. My comments weren't intended to be directed to this. It was the broader issue of assessment that Ms Mulvale spoke to. Really, all it does is try to—

Mr Colle: You're in the wrong section.

Mr O'Toole: No, it's actually in section 11.

Mr Colle: Can you point us to the right section?

Interjection: We're on page 10, the second paragraph from the bottom. The time limit for passing bylaws.

Mr O'Toole: Page 10, yes. I'm not really sure myself. There's a time limit on the bylaw. It says April 30. I think that's the date for filing it. I don't technically know. It is mentioned elsewhere in the bill, actually in the next section under regulations.

Mr Prue: Why do you want to take the ministerial discretion away to change the date? That's what I don't understand. Is there a rationale? Tell me the rationale, and I'll vote for you.

Mr O'Toole: Strike out, "unless the Minister," OK? It gives the minister some ability to—I'm not qualified. I didn't write it.

Mr Prue: I can't vote for it then.

Mr O'Toole: Trevor probably understands it; he wrote it. Trevor Harris, everyone, for the record. Actually, they're John Baird amendments.

Mr Colle: I can clear it up if you want. If I can just explain, it might help you.

Mr O'Toole: Sure, go ahead. I'm happy.

Mr Colle: Again, I agree with the member on this. There is obviously some complexity here. The intention of the act, the way it is, is in essence to give the minister the opportunity to offer more time, just in case the municipality needs it in terms of putting forth a bylaw which brings about some changes in assessment.

So this was something that was in concurrence with the municipalities. They said that in some cases some municipalities may not be able to bring forward a bylaw in time, and the minister can extend and give them more time to bring it forward.

Mr O'Toole: If I may, I'm fully aware. I had a better explanation. It is tied to the issue of retroactivity. This amendment, what it does, it says here "unless the Minister of Finance prescribes a later day for that year." In other words, you don't want the bylaw to retroactively say on May I, "You failed to file. We're going to make it effective January 1." In other words, go the other way.

Mr Colle: No, that's not it. In some cases, a bylaw would have to come forward from the municipality. The minister would say, "Listen, we'll give you another month so that you can present your bylaw that you want to undertake some change in your assessment processes locally." So it's really the accommodation of the local municipalities that this is there for.

Mr O'Toole: While we're having the discussion, there are about three amendments all to do with this issue. The real issue here is that we're afraid the minister could step in—and you could clarify it, Mr Colle—there could be a municipality say that some property class, a group, say commercial—that you could go back and tax them in prior years.

Interjection: Is that retroactivity?

Mr Colle: No, it's not about retroactivity. It's about our whole new philosophy, which I know you can't understand—it's different from yours—where we've said in our memorandum of understanding with AMO that we are going to sit down and dialogue with municipalities, because they have to deal with the complexity of this legislation.

Not all municipalities can operate on such a time frame. We're willing to accommodate them. The minister is willing to listen. In some cases, it may be basically giving them more time. It's not about changing laws retroactively; it's about giving them more time to undertake a very complex change that they may undergo in their municipalities. It's in essence something they asked for, just in case they needed more time.

Mr O'Toole: Yes, as I said before, I did raise this earlier today, because when reading it, I see "retroactive" and a tax mechanism. So what happens if you have a capping issue and you're uncapping, and the tax is back to 2004? We'd be paying 2004 taxes now, and they could go back further to—say, this capping mechanism now applies to your taxes for this—

Mr Colle: You're mixing up two to three different pieces of legislation. This is a process. This is about the minister giving municipalities more time; that's all it is. It's not about changing different types of capping legislation. It's about the time they may be required to need. They've asked for this.

Mr O'Toole: I'll take your word for it. I just don't want to find out that my taxes for 2003—

Mr Prue: It's part of the record. The municipalities will be given a copy of the record. This is the explanation from the PA.

The Acting Chair: Any other questions or comments on the motion? If not, I will call the motion. All those in favour? Opposed? The motion is defeated.

Mr Colle: I wonder if we could mention the PC motion or Liberal motion, the number of the motion, along with the motion? The top right-hand corner? The number and who it's by?

The Acting Chair: Yes, I will. I would just like to speak to, as well—

Mr O'Toole: But it says "PC." That means they—

Mr Colle: No. Put the number so we know which one it is.

The Acting Chair: I will call the number, which is on the right-hand side of your page.

PC motion number 3: As it was defeated, it is the Chair's opinion that it makes PC motion number 4 redundant, as it's the same intent. Therefore, we will move on to number 5. That's what I'm saying. I would ask that PC motion number 5 be put on the floor, please.

Mr Barrett: Is this page 5 you're referring to?

The Acting Chair: Yes, it is.

Mr Barrett: Section 11 of the bill (subsection 329.1(5)) of the Municipal Act:

I move that subsection 329.1(5) of the Municipal Act, 2001, as set out in section 11 of the bill, be struck out and the following substituted:

"Retroactivity

"(5) A regulation referred to in clause 4(a) in respect of a taxation year shall not be made after April 30 in that year."

The Acting Chair: Any questions or comments on the motion? No questions or comments? I'll call the motion then. All those in favour of the motion on page 5? Opposed? I declare the motion defeated.

Shall section 11 carry? All those in favour? Opposed? I declare it carried.

Sections 12 and 13: I would ask the committee, could we collapse the two together and deal with it as one? Agreed.

Shall sections 12 and 13 carry? All those in favour? Opposed? It's carried.

Section 14: government motion, page 6.

Mr Colle: Subsection 14(1) of the bill (subsection 18(1.3) of the Ontario Drug Benefit Act):

I move that subsection 14(1) of the bill be amended by adding the following subsection to section 18 of the Ontario Drug Benefit Act:

"Removal of designation

"(1.3) Only the Lieutenant Governor in Council may make regulations removing the designation made by the minister under subsection (1.1) of a listed drug product."

Again, this clarifies that only the Lieutenant Governor in Council may make regulations which remove drugs from the formulary, including drugs which have been added by the minister. So it's part of ensuring enhancement through the introduction of generic drugs, and this further cements that clarity.

1630

The Acting Chair: Any other questions or comments? I'll call the motion. All those in favour? Opposed?

Mr Colle: Recorded vote.

The Acting Chair: The motion is carried. I would ask that you ask for recorded vote prior to the vote. Γ d be pleased to bring that forward.

Government motion, page 7.

Mr Colle: Subsection 14(2) of the bill (section 19 of

the Ontario Drug Benefit Act):

I move that section 19 of the Ontario Drug Benefit Act, as set out in subsection 14(2) of the bill, be amended by striking out "or to remove such a designation, the Lieutenant Governor in Council or the Minister may consider any matter" and substituting "or to remove such a designation under subsection 18(1.3), the Lieutenant Governor in Council or the Minister, as the case may be, may consider any matter."

Again, this is a continuation and complements the

previous motion just passed.

The Acting Chair: Any other questions or comments on the motion? All those in favour of the motion? Opposed? The motion's carried.

Government motion, page 8.

Mr Colle: Subsection 14(2) of the bill (subsection

20(1) of the Ontario Drug Benefit Act):

I move that subsection 20(1) of the Ontario Drug Benefit Act, as set out in subsection 14(2) of the bill, be struck out and the following substituted:

"Delisting

"(I) The Lieutenant Governor in Council may, under section 18, remove the designation of a listed drug product even if none of the conditions prescribed under clause 18(1)(b.l) are breached, if the Lieutenant Governor in Council considers it advisable in the public interest to do so."

This amendment makes it clear that only the Lieutenant Governor in Council and not the Minister may remove the designation of a listed drug even if no regulatory conditions are breached, if the Lieutenant Governor in Council considers it to be in the public interest to do so. Again, it's further complementing that clarity.

Mr Prue: Just a question. All that's being removed here is "or the minister"? That's what I see, that's being removed.

Mr Colle: Right.

Mr Prue: So it's the Lieutenant Governor in Council now only.

Mr Colle: Which is the higher level.

Mr Prue: Yes, of course. OK; that's fine.

The Acting Chair: Any other questions or comments?

Mr Colle: Recorded vote.

Ayes

Colle, Hoy, Marsales, Orazietti, Peterson, Prue, Wynne.

Nays

Barrett, O'Toole.

The Acting Chair: I declare the motion carried.

Shall section 14, as amended, carry? All those in favour? Opposed? Carried.

Section 15.1, motion.

Mr O'Toole: Section 15.1 of the bill:

I move that the bill be amended by adding the following section:

"15.1 Paragraph 26 of subsection 7(1) of the Retail Sales Tax Act is repealed and the following substituted:

"26. Child restraint systems described in the seat belt assemblies regulation"—

The Acting Chair: Excuse me, Mr O'Toole. There is no amendment in section 15. This has been—

Mr O'Toole: This was accepted. This amendment, as I'm reading it, was approved by somebody. But we're adding a section, that's clear.

The Acting Chair: We'll deal with section 15, and then—my apologies—it will be dealt with right after section 15, as it adds another part to the section. It's just technical. I should have dealt with section 15 prior.

Mr O'Toole: Oh, it's a new section, totally?

The Acting Chair: Yes.

Mr O'Toole: Fifteen's a lone act? Sorry about that.

The Acting Chair: Right. So that's why we need to deal with section 15 first.

Right now we will just stand down from section 15 and deal with schedule A. Section 15 enacts schedule A, so we deal with schedule A first.

We're dealing with schedule A. Are there any questions or comments on schedule A? It's at the back of the bill

Mr Barrett: Is there a government explanation on this?

The Acting Chair: Does the government wish to speak to schedule A?

Mr Colle: It just basically allows for routine borrowing by the government.

Mr O'Toole: It probably increases the limit, does it?

Interjection: Tax and spend and borrow.

The Acting Chair: All right? Any other questions or comments on schedule A?

Shall schedule A carry? All those in favour? Opposed? Carried.

Now section 15: Shall section 15 carry? All those in favour? Opposed? Carried.

Now we'll deal with section 15.1, that being the PC motion. I'm going to call it page 9. How's that?

Mr O'Toole: Just a clarification to the clerk. I did not draft this. I understand what it's trying to do. Why would it not be in section 16, which is dealing with the Retail Sales Tax Act? It doesn't matter to me.

Mr Colle: You've got the wrong number there, I think, haven't you?

Mr O'Toole: I didn't draft it, but I'm saying it's-

Mr Colle: I think it's out of order, Madam Chair.

Mr O'Toole: It refers to a new section. It's a brand new section, and legal counsel probably—

Mr Colle: I think this motion's out of order.

Mr O'Toole: I'll read it for the record.

Mr Colle: Madam Chair, can I have a ruling on that? I think this is out of order.

Mr O'Toole: It's in order. It's already been accepted, but that's fair. I'll just put something on the record here.

Section 15.1 of the bill:

I move that the bill be amended by adding the following section:

"15.1 Paragraph 26 of subsection 7(1) of the Retail Sales Tax Act is repealed and the following substituted:

"26. Child restraint systems described in the seat belt assemblies regulation made under the Highway Traffic Act."

I think the intention here is to exempt under your highway traffic legislation that's before the House—

Mr Colle: Point of order, Madam Chair.

The Acting Chair: I would like to give a ruling. The motion to amend an amending bill is out of order if it amends a section of the act and the section has not already been opened up in the amending bill. So we shall move on to section 16.

Section 16: Any questions or comments?

Shall section 16 carry? All those in favour? Opposed? Carried.

Section 17: PC motion, page 10.

Mr Barrett: Section 17 of the bill (subsection 2(7) of the Taxpayer Protection Act, 1999):

I move that subsection 2(7) of the Taxpayer Protection Act, 1999, as set out in section 17 of the bill, be amended by striking out "in a bill that receives first reading in 2004" in the portion before paragraph 1 and substituting "in a bill that receives second reading in 2004."

By way of enlightening the members of the committee, the Taxpayer Protection Act was signed by our Premier on September 11, 2003, an act, or the statement that was signed, that begins with the words, "I, Dalton McGuinty, leader of the Liberal Party of Ontario, promise, if my party is elected as the next government, that I will not raise taxes or implement new taxes without

the explicit consent of Ontario voters, and not run deficits. I promise to abide by the Taxpayer Protection and Balanced Budget Act."

That was signed September 11, 2003. That's my only comment on this.

1640

The Acting Chair: Any other questions or comments? Mr Prue, did you have something to add?

Mr Prue: I really have to say this is a little bit of sneaky stuff. If the government thinks the Taxpayer Protection Act is wrong, you should abolish the act. What you're doing is leaving an act in place that you have acknowledged yourself is bad, that even the previous government could not abide by and did not follow. Instead of just saying the legislation is hugely flawed and getting rid of it, you are attempting to go in the back door and put amendments to something that doesn't work. I know time constraints may be a factor here and this may be the only way you can push and ram this bill through without getting rid of the Taxpayer Protection Act, but it would seem to me that to amend an abominable piece of legislation is to do a disservice to what you're trying to do on that side of the House.

The Acting Chair: Any other questions or comments?

Mr Colle: As you know, we are going to be bringing in the fiscal accountability act, which will basically make it impossible in the future for governments like the last government to hide and cook the books to the tune of \$5.6 billion. So we are going to work on that. This is a first step toward bringing about more accountability—

Mr Prue: No, it's not a first step in that at all.

Mr Colle: —and stopping the games that have been played by the previous party in hiding \$5.6 billion. So we have to move ahead here and ensure that we deal with our fiscal challenge and start to reinvest in health care, education and our cities.

Mr O'Toole: We could spend considerable time on this. To simplify this for the government members primarily, the inference that we broke the Taxpayer Protection Act is a moot point technically. We lowered the taxes and then did not deliver. The reason is that we had a number of economic circumstances that prevented us from delivering services. If we had gone ahead with it, we would have had other problems because we were lowering taxes in a time of an economic bump in the road. We did go through with those taxes; they were just delayed. We were under some pressure—in fact, if you look at the history, I agreed with the decision. I was probably one of the ones who said, "Don't do the tax cuts. We still have commitments to make."

At the end of the day, we did balance the budget. That's not disputable. It does show that the budget was balanced in that year.

Mr Colle: You didn't balance—you sold off assets.

Mr O'Toole: I'll allow you to speak, and I will also respectfully listen when you're speaking.

Mr Colle: I apologize.

Mr O'Toole: My point really is, it's a moot point technically. You say we broke it, and you've said it in the House several times. I think it's not clearly disclosing, under the circumstances I've just described, what we actually did. The motives were justified.

The difference here is quite direct and a little bit more confrontational, I suppose: You broke the law and you lied to the people of Ontario. Pardon me. I apologize and

withdraw that word.

The point I'm saying is this: During the election—and I sat on many panels locally, as many of you did. Of course, none of you knew anyway. I think to the best of your ability you were saying what you thought to be true. Then all of a sudden you decide to raise taxes and not balance the budget and do all the stuff. So I don't think you really were part of the game. In most cases, you still aren't part of the game; you're just voting. And I'm not part of the game either. I'm not trying to diminish or demean your roles here. But you actually broke the law. That was the law. Then you had the gall during the election to say, "We won't raise your taxes and we won't lower them either." Do you remember those American ads with Dalton leaning against the telephone pole or whatever it was?

Mr Barrett: The brick wall.

Mr O'Toole: Remember that? Do you remember any of them, the million-dollar American-style ads saying a bold-faced fact that wasn't true?

That is why I'm galled by this one section. I said it earlier, when you broke the law. Mr Prue was correct when he said that it would be one thing if you were going to stand up and put the truth to the people and say, "We're going to rescind the Taxpayer Protection Act and from now on we're going to have four years of deficits and reckless spending." Let the people choose. I think that's a fair question. In fact, federally the same thing is going on, technically.

Later on, Mr Colle, if you've got a bill that comes in and says that there must be an audit before an election of all election promises, I'll support it. And there should be a complete, independent audit of the books prior to the fixed election term date. I'll support it. Do you have that on the record? You can quote me right now. I'm all for

that.

Here's the issue, though, gentlemen and ladies. During a fiscal year your expenditures for the most part are known, unless you have SARS, West Nile, BSE or a blackout. Your expenditures, then, are only going to go up. What is variable is your revenue. If your economy goes in the tank, you have a revenue problem. We had both. We had a bit of a revenue drag—the forecasting was a bit aggressive—and we also had an expenditure problem, because we had about \$3 billion worth of unexpected, unplanned-for expenditures. One of them was mentioned in the House today: \$585 million for SARS. Again, for the municipal partners that shared in that, and we agreed we would repatriate the money, you are declining municipalities. You're not going to pay them for their out-of-pocket expenses, and it's about \$100 million.

These are technical things, and you can use the slick language of the Erik Peters report. Erik Peters never, ever said that these were audited documents. He said, "At this time my assessment would be" blah, blah, blah. I'm not an accountant, but I do balance my bank book. If you looked at the final revenue numbers yourself, and if you look at page 70 in your budget, the years you show the revenue coming in are a serious question of integrity. I look under the revenues, page 70, and I show \$4.6 billion CHT all showing up in the year 2004-05. I see an additional \$2.9 billion showing up. That's \$6.5 billion in revenue showing up conveniently in the next year. Then I go down and look at the next one under "Other Non-Tax Revenue" and I see \$4.024 billion. What's that? I look at the footnote; it's got a little star beside it here. The footnote says, "Includes one-time revenue gain of \$3,881 million," which is really getting rid of the NUGs. It's not known revenue because the NUGs are going to be 40 years of revenue supporting this line here.

There is so much treachery in these numbers. I don't think it's deliberate, I'm not an accountant, but I'm saying to you that you are treating the numbers here rather casually, to say the least. Much will be said in the estimates committee, which I have the privilege of being Vice-Chair of. I just recently got the estimates and I've been going through them. I see the reductions in health, culture—it's staggering; there are 15 ministries with reduced spending, and you will never solve the problems.

If you go to the health care debate—I asked a question today—you've committed to 9,000 new procedures for cataracts. Do you know what the demand line is? It's 20,000, not 9,000. Your waiting lists will be longer for hip, knee, cataract, all this stuff. When you get up to answer in the House, you're always saying, "We're going to do nine more procedures." I want to know how much less time my grandmother or my wife has to wait for that procedure, not the number you're doing. That's my rant for today and I'm sticking to it and I'm asking for your support.

The Acting Chair: Any other questions or comments?

Mr Colle: Just briefly, I'm always amazed that to this very day the members of the former government are still denying that they cooked the books, that they left us with a \$5.6-billion deficit. I wish it weren't true but it's the reality we're faced with.

Mr O'Toole: Monte Kwinter knew all about it, Gerry Phillips—anybody who has a brain in their head. Wayne Samuelson said it this morning. He knew about it. You're asleep, Mike.

1650

Mr Colle: They still do not acknowledge that they have cooked the books. This was done right up until we had the financial statements, right up until August. They stated again and again that the books were balanced. We know they weren't.

I find it strange that they talk about the Taxpayer Protection Act when they found fit to amend it, change it,

break it, whatever it was, in 2002. As I said, we're moving beyond that.

The member made a good point, I think, that the public is demanding maybe a more straightforward way of dealing with the books of the province. That's why we introduced Bill 84, the Fiscal Transparency and Accountability Act, which will require that the Provincial Auditor put forward an accounting of the province's fiscal affairs prior to the election whereby the public can see clearly, from an independent third party, where we stand as a province. The Provincial Auditor is required to review the pre-election report to determine whether it is reasonable and to release a statement describing the results of the review.

Maybe out of the fiasco that occurred with the last government will come some good: that never again will government be able to hide an unprecedented budget and campaign on the fact that the books were balanced when they weren't.

The Acting Chair: I will call for the motion. All those in favour? Opposed? The motion is defeated.

We move on to the PC motion on page 11.

Mr Barrett: Section 17 of the bill (subsection 2(7) of the Taxpayer Protection Act, 1999):

I move that subsection 2(7) of the Taxpayer Protection Act, 1999, as set out in section 17 of the bill, be amended by striking out "in a bill that receives first reading in 2004" in the portion before paragraph 1 and substituting "in a bill that receives third reading in 2004."

Just to comment on the Taxpayer Protection Act, which was signed by the leader of the present government, we have a budget, and in presenting the budget I recall Finance Minister Greg Sorbara unapologetically-I think that was his phrase—admitting to abandoning election campaign promises not to increase taxes. This flies in the face of the Taxpayer Protection Act. We know there were well over 230 promises made by the present government during that last election. We now see that a new course has been charted that will see taxes increased and that will see fees increased. Directly linked to that tax-and-spend—those two words do seem to go together with this present government—in spite of the anticipated revenue from these tax increases, as projected, the provincial debt will rise by \$12 billion by the year 2007. That's my only comment on this clause with respect to the Taxpayer Protection Act.

The Acting Chair: Any other questions or comments?

Mr Colle: I'd just like to show for the record that the previous government left this province with an extra \$31-billion added to the debt, another \$31 billion they added. We don't want to talk about the disaster called Ontario Power Generation, Ontario Hydro and another \$21 billion they left on that debt for the taxpayers to pay.

It's ironic: They were going to balance the budget. They were also, remember, going to give everybody a freebie on their mortgages that was going to cost a couple of billion of dollars. Remember, everybody was going to get a rebate on the mortgages they paid. So they were

going to balance the budget, they were going to increase health care and education spending and then everybody was going to get a freebie on their mortgage. It would have been a neat trick to do all of those things, considering they had a \$5.6-billion deficit too.

The Acting Chair: Any other questions or comments? No.

I'll call the motion. All those in favour? Opposed?

The motion is defeated.

PC motion number 12.

Mr Barrett: Section 17 of the bill (subsection 2(7) of the Taxpayer Protection Act, 1999):

I move that subsection 2 (7) of the Taxpayer Protection Act, 1999, as set out in section 17 of the bill, be amended by striking out "in a bill that receives first reading in 2004" in the portion before paragraph 1 and substituting "in a bill that receives royal assent in 2004."

I know this is not part of the Taxpayer Protection Act, but I've personally found that mortgage interest deductibility was very well received at the door. When you're knocking on doors in the afternoon, you are oftentimes chatting with a young woman with children and a mortgage, which would be their predominant expense. I found that very well received. These are people who are contributing to the economy and are certainly contributing to their economy by their purchase—in most of the cases in my riding—of a single dwelling.

Mr Prue: I'm actually going to vote for this one. I'll tell you why. This says that the Taxpayer Protection Act, which is extant now and is the law in Ontario, must be complied with. How this changes it is that this bill has to be passed during the year 2004 and receive royal assent in order to be exempted. The parliamentary assistant said that this the first step and that there is going to be a major bill coming very soon to change the Taxpayer Protection Act, and to make sure that governments cannot hide deficits and all of those things.

Surely, if that is coming down the pipe very soon, this should be in effect only for one year, to allow the government an opportunity—I'll take him at his word—to pass this money bill, which we disagree with, but I know you want to pass it. I don't want this to happen next year. I don't want to see this same thing, you still having a Taxpayer Protection Act and you seeking another amendment to it through the budget act to circumvent the law.

If you need it for this year, I'll vote for this motion and give you that grace to do it, but don't come back next year looking for it again. If you haven't changed the Taxpayer Protection Act and brought in new legislation by that point, then you will be absolutely in violation. You won't have any excuse whatsoever to break the law again, in my view.

I'm going to vote for this motion even though it probably won't pass, because I think it's a sign of good faith. Although my first reading told me not to vote for it, I think it's a sign of good faith that you pass this budget, you put it through, you get royal assent, you get the Lieutenant Governor's signature on it, but it's for this

year only. Don't start looking to do it again next year. So I'm going to vote for it. I'd like a recorded vote, please.

The Acting Chair: Any other questions or comments?

Mr Colle: What I said is that we have introduced a bill that brings more accountability to the process, our intention being that there'll be no other opportunity for future government to, in essence, cook the books. That's Bill 84. We've already done that. What we're doing here, by amending this act, is we're making sure we could proceed with the necessary changes to improve health care and education.

Mr Prue: That's fine, but I don't want to be sitting here at this table nine months from now saying, "We've got a Taxpayer Protection Act that we're going to break again. We did it last year." If you're going to break it again for next year, then change the law before next year.

The Acting Chair: I'll call the motion.

Mr Barrett: Recorded vote.

The Acting Chair: Yes, Mr Prue requested it.

Ayes

Barrett, Prue.

Navs

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

The Acting Chair: The motion is defeated.

Pursuant to the order of the House dated June 10, 2004, I am required to put every question necessary to dispose of all remaining sections of the bill without further debate. Amendments that have not been moved are deemed to have been moved.

Mr Prue: I don't have 5 o'clock yet. Where's the official clock? I have two minutes to 5.

1700

The Acting Chair: Actually, on my watch it's after 5 o'clock.

Motions 13 to 20 are out of order. My ruling is: out of order. The amendments are vague, trifling and are tendered in a spirit of mockery. Therefore, I hold them to be out of order. That is 13 through 20.

Mr Barrett: I assume I can't challenge the Chair on that statement.

The Acting Chair: The ruling is from Erskine May, 23rd edition.

Shall section 17 carry?

All those in favour? Opposed? Carried.

Sections 18 and 19: I shall deal with those together.

Shall sections 18 and 19 carry?

Mr Barrett: Why are we including the Tenant Protection Act with the Tobacco Tax Act?

The Acting Chair: It says there are no amendments. That's the only reason I'm collapsing the two together. It's just dealing with it as a vote. If you would prefer, I can deal with them separately. It's because there are no amendments. I'm dealing with them in the same manner

as I have done previously. That's the only direct correlation.

Shall sections 18 and 19 carry?

Mr Barrett: Recorded vote.

The Acting Chair: A recorded vote has been requested. As I cannot deal with recorded votes at this time, we will postpone, from the orders of the House. We will come back to it later.

We'll move to section 20: PC motions, pages 21 and 22. As Chair, I am ruling them out of order. It is based on standing order 56, as it is in contradiction. Would you like me to read section 56 or is that acceptable?

Mr Barrett: I guess I'll have to take your word on it. I am concerned because almost half the sections in this legislation relate to tobacco.

The Acting Chair: As we are past the time, there is no debate.

So this is received in Hansard, I'm going to go through this.

PC motion, page number 21, subsection 20(1) of the bill, subsection 2(1) of the Tobacco Tax Act: I'm ruling against it based on standing order 56.

Mr Barrett: I understand that it's because it's a money bill.

The Acting Chair: That's right.

Mr Barrett: So the way we have written that motion may have been in error.

The Acting Chair: That's right. That's why it is in violation of standing order 56. I just want to make sure that it is recorded in Hansard.

PC motion, page number 22, subsection 20(1) of the bill, subsection 2(1) of the Tobacco Tax Act: I am ruling it out of order based on standing order 56.

PC motion, page number 23, subsection 20(5) of the bill, subsection 2(2.2) of the Tobacco Tax Act: All those in favour? Opposed? The motion is defeated.

PC motion, page number 24, subsection 20(5) of the bill, subsection 2(2.3) of the Tobacco Tax Act: All those in favour?

Mr Barrett: Recorded vote.

The Acting Chair: We will come back to that, then, as it is past 5.

Sections 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34: All those in favour? Opposed? They are carried.

We're dealing with section 35, and I have a PC motion, page number 25. The motion is on subsection 35(2) of the bill. All those in favour? Opposed. Defeated.

PC motion, page number 26, subsection 35(2) of the bill: All those in favour? Opposed? Defeated.

PC motion, page number 27, subsection 35(2) of the bill: All those in favour? Opposed? Defeated.

PC motion, page number 28, subsection 35(2) of the bill: All those in favour? Opposed? Defeated.

PC motion, page number 29, subsection 35(2) of the bill: All those in favour? Opposed? The motion is defeated.

PC motion, page number 30, subsection 35(2) of the bill: All those in favour? Opposed? The motion is defeated.

PC motion, page number 31, subsection 35(2) of the bill—

Mr Barrett: Recorded vote on this last amendment.

The Acting Chair: As a recorded vote has been requested, I will defer it until the end.

PC motions, page numbers 32 to 44, have been ruled out of order, and the reasons are that the amendments are vague, trifling and are tendered in a spirit of mockery. Therefore, I have ruled them out of order. From Erskine May, 23rd edition.

As there are no amendments, I am calling section 36. Shall section 36 carry? All those in favour? Opposed? Carried.

Shall sections 18 and 19 carry? A recorded vote has been requested.

Mr Prue: Sorry, I missed the number.

The Acting Chair: Sections 18 and 19. A recorded vote has been requested.

Aves

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

Navs

Barrett.

Mr Prue: I can't even find it that fast.
The Acting Chair: The section carries.

Mr Prue: I found it now, but it's too late. Go ahead. This is democracy. Go ahead.

The Acting Chair: Carried.

PC motion, page number 24: It's dealing with section 20, subsection 20(5) of the bill, subsection 2(2.3) of the Tobacco Tax Act. A recorded vote has been requested on the motion.

Ayes

Barrett.

Navs

Colle, Hoy, Marsales, Orazietti, Peterson, Prue, Wynne.

Mr Barrett: Does that mean people were opposed to that subsection?

The Acting Chair: Yes. We're just dealing with the PC motion.

Mr Barrett: We're voting on amendments?

The Acting Chair: Yes, that's what we're doing.

The motion is defeated.

Shall section 20 carry? All those in favour? Opposed? Carried.

PC motion, page number 31: It's part of section 35, subsection 35(2) of the bill. A recorded vote has been called for on this motion.

Ayes

Barrett.

Nays

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

The Acting Chair: The motion is defeated.

Shall section 35 carry? All those in favour? Opposed? Carried.

Shall the title of the bill carry? All those in favour? Opposed? Carried.

Shall Bill 83, as amended, carry?

Mr Colle: Recorded vote.

The Acting Chair: A recorded vote has been requested.

Aves

Colle, Hoy, Marsales, Orazietti, Peterson, Wynne.

Navs

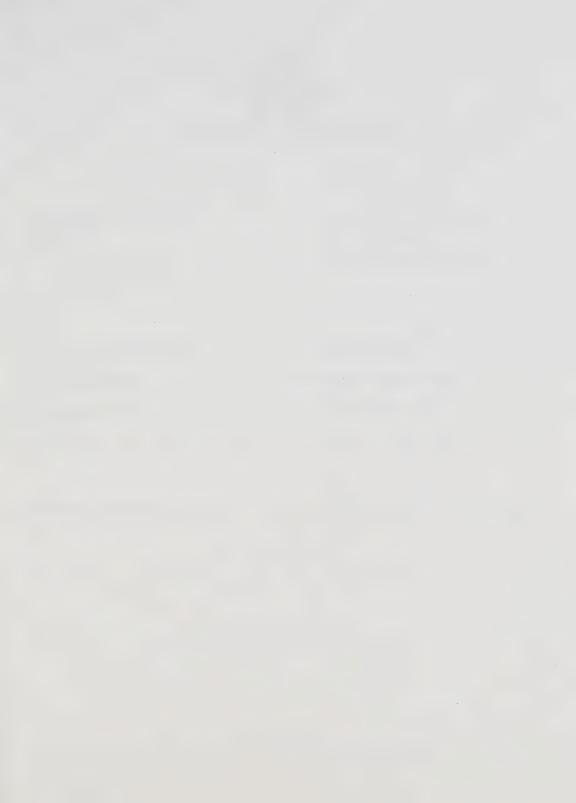
Barrett, Prue.

The Acting Chair: Carried.

Shall I report the bill, as amended, to the House? All those in favour? Opposed? Carried.

Thank you very much. We are adjourned.

The committee adjourned at 1720.



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Mr Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 24 June 2004

Jeudi 24 juin 2004

The committee met at 1001 in room 151.

ELECTION OF CHAIR

Clerk of the Committee (Mr Trevor Day): Honourable members, it is my duty to call upon you to elect a Chair. Are there any nominations?

Mr Mike Colle (Eglinton-Lawrence): I, with great honour, put forth the name of Mr Pat Hoy, the member from Chatham-Kent Essex, the riding with 7,000 bridges, as Chair of this committee.

Clerk of the Committee: Any further nominations?

Mr John O'Toole (Durham): Yes. I would nominate Mr Barrett, the member from Haldimand-Norfolk-Brant, and a great representative from that area of the province, which needs a strong voice.

Clerk of the Committee: Not being a Chair, I can't rule, but the Chair of this committee should be a government member, by the standing orders.

Mr Toby Barrett (Haldimand-Norfolk-Brant): Further to that, I don't think we have 7,000 bridges in my riding. So I'll respectfully decline.

Clerk of the Committee: Any further nominations? Seeing no further nominations, I declare the nominations closed. Mr Hoy is the Chair.

ELECTION OF VICE-CHAIR

The Chair (Mr Pat Hoy): Now we would entertain nominations for Vice-Chair of the committee.

Mr Barrett: I nominate Mr O'Toole.

The Chair: Mr Barrett has nominated Mr O'Toole. However, the ruling is that it would have to be a government member. Further nominations?

Mr Colle: I'd like to put forth the name of John Wilkinson, the member from Perth-Middlesex, the home

of Canada's cultural centre, Stratford, where I hope we will all be this summer, as Vice-Chair.

The Chair: Further nominations? Hearing none, I would declare Mr Wilkinson the Vice-Chair.

APPOINTMENT OF SUBCOMMITTEE

The Chair: The subcommittee on committee business.

Mr Barrett: With respect to the standing committee on finance and economic affairs, today, June 24,

I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or on the request of any member thereof, to consider and report to the committee on the business of the committee:

That the sub-committee be composed of the following members: the Chair as chair; Mr Colle; Mr O'Toole; and Mr Prue; and

That the presence of all members of the subcommittee is necessary to constitute a meeting.

The Chair: Any comment? All in favour? Carried.

Is there any other business?

Mr John Wilkinson (Perth-Middlesex): Just a question for the clerk: Do you have any idea of whether or not we'll be sitting in the summer?

Clerk of the Committee: At this point, there's no intention to sit over the summer. We have very limited business.

The Chair: Thank you.

No further business? I just want to thank my nominator, Mr Colle. And to correct the record, there are 1,000 bridges in Chatham-Kent, not 7,000. I would wish everyone to get a good rest during the summer. Enjoy your time with your families. This committee is adjourned.

The committee adjourned at 1005.

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Mr Tim Peterson (Mississauga South / Mississauga-Sud L) Mr Michael Prue (Beaches-East York / Beaches-York-Est ND) Mr John Wilkinson (Perth-Middlesex L)

> Clerk / Greffier Mr Trevor Day





